

Changing Waters

Towards a new EU Asia Strategy



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The '**Dahrendorf Forum - Debating Europe**' is a joint initiative by the Hertie School of Governance, the London School of Economics and Political Science and Stiftung Mercator. Under the title 'Europe and the World' the project cycle 2015-2016 fosters research and open debate on Europe's relations with five major regions.

Changing Waters: Towards a new EU Asia strategy

The growth of Asian economies in the 21st century and the shuffling of the balance of power through the US 'Pivot' to Asia will increasingly ask the EU and its member states to take positions in the relations with their Asian partners. Chinese resurgence and its impact on the region in addition to increasing investment in Europe and Africa have changed the dynamic of the EU's interaction with the Asia Pacific away from development assistance to cooperation (and competition) at eye level. This also means an overhaul of the EU's Asia strategy of 2001. Besides creating continuity in a currently disconnected web of diplomatic and trade relations, a new strategy should provide a guideline for pooling resources, expertise and networks of EU-China relations under a joint umbrella which is especially beneficial for smaller member states.

This project puts forward analysis and concrete recommendations for an EU-Asia strategy along the main tensions of security and political relations, development cooperation and climate change policy. The three main recommendations are; (i) an increased cooperation through Asian multilateral fora and non-traditional security issues, (ii) that the EU position itself as a neutral arbiter in a volatile Asia Pacific, and, (iii) increased focus on public diplomacy.

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Executive Summary¹

Olivia Gippner

The growth of Asian economies in the 21st century and the shuffling of the balance of power through the US 'Pivot' to Asia will increasingly ask the EU and its member states to take positions in the relations with their Asian partners. Chinese resurgence and its impact on the region in addition to increasing investment in Europe and Africa have changed the dynamic of the EU's interaction with the Asia-Pacific away from development assistance to cooperation (and competition) at eye level. This also means an overhaul of the EU's Asia strategy of 2001. Besides creating continuity in a currently disconnected web of diplomatic and trade relations, a new strategy should provide a guideline for pooling resources, expertise and networks of EU-China relations under a joint umbrella which is especially beneficial for smaller member states.

The first part of the report looks at the different regions of Asia and identifies the EU's interests in each case in the light of a resurgent China, a natural starting point in the relationship between the EU and the Association of Southeast Asian Nations (ASEAN). In her chapter **Yeo Lay-Hwee** challenges EU policy makers to take off their Eurocentric lens when dealing with ASEAN, if it sincerely wants to further its interest in strengthening ASEAN both economically and politically. The EU can leverage its economic power and indeed plug into pressing ASEAN debates, for example on connectivity. On security the EU and ASEAN share a common interest in keeping competitive relations between the US and China at an even level. And yes, in order to strengthen the regional order the EU has to offer differentiated support for the different levels in economic and political development between the Southeast Asian nations – similar to the idea of cohesion programmes within the EU.

Garima Mohan in her chapter, cautions that there is an urgent need for the EU to update and develop its strategy towards South Asia. The region is crucial for European trade and also because of hotspots in Pakistan and Afghanistan directly affecting Europe in terms of security. Lacking a clear strategy so far, the EU should start with a needs assessment. Mohan argues that the EU's real strength lies in providing norms, rules and regulations that it has already developed, for instance, on complex legal questions of cross-boundary resource sharing.

The relationship with Australia has shifted from trade disputes over agriculture towards realising joint interests. According to **Philomena Murray**, the Framework Agreement between the two actors will strengthen the all-of-government engagement by Australia with the EU and its institutions. It will provide the EU with a firm collaborator with similar interests and values in the Asia Pacific and a 'critical friend'. In terms of security, Australia's opposition to EU membership in the East Asian Summit shows a divided narrative on a security role for the EU in Asia-Pacific. In concrete terms, she recommends pragmatic cooperation on counterterrorism and crisis management. In order to ensure a strong foreign policy angle, the EEAS should monitor and aim to influence the ongoing FTA negotiations.

The main challenge for the EU in its policy towards Northeast Asia is the fact that immediate crises generally tend to monopolise and divert EU capacities away from the region. However, **May-Britt Stumbaum** presents new data showing that neutral to positive perceptions of the EU in this region might actually open a window of engagement for the EU. She recommends focusing on capacity building as an instrument for more informed policy making and mutual exchange with the EU in Japan, South Korea and Taiwan.

Moving to China as the kingpin of the Asia Pacific and East Asian rivalries, the report presents two perspectives on the EU-China relationship. **Yu Jie** emphasises the remaining conceptual gap between the EU and China and exhorts the EU to stop its democratization efforts *vis-à-vis* China. The lack of understanding on the European side about Chinese party and bureaucratic constraints poses a threat in itself. Reflecting the dramatic changes in Chinese foreign policy, **Jan Gaspers** and **Bertram Lang** identify the EU's interests to develop a coherent response. According to the authors, the EU should expand its role in China's new international institutions, such as the Asian Infrastructure Investment Bank. On trade and FDI the EU should focus on negotiating package deals and avoid member state division. Finally, strengthening cooperation with Beijing in the fight against transnational terrorism is in both actors' interests.

The country case studies conclude with a highlight on the EU's role in the Burmese transition. Decades of EU involvement in Myanmar eventually bore fruit in just the past few years after the elections in 2010. Former British and EU diplomat **Robert Cooper** himself became instrumental in removing the EU's sanctions by facilitating the release of political prisoners. To achieve this outcome the EU successfully seized an opportunity in discussions with Burmese counterparts when it appeared. Similarly the decision to dispatch an ad-hoc EU electoral observation mission in 2012 was an important symbol supporting the democratisation process. Yet, he cautions that outside actors, even powerful ones like the EU, will have an influence only at the margin. The change in political life in 2011 came because local actors chose it, not because of EU and US sanctions.

The second part of the report follows a different logic. As the country analyses have shown for all regions the EU's main attraction remains its economic power. Moving beyond this traditional focus the next section identifies several cross-cutting policy issues which will influence the interests and the priorities of the EU *vis-à-vis* this diverse region in the medium- to long-term.

Starting from a classic strategic angle, **Michael Reiterer** looks at the security and political dimensions of a new EU-Asia strategy. In line with this year's review of the European Security Strategy, he advocates a joined-up approach, leveraging in particular the EU's trade and development policies to contribute to regional stability in Asia Pacific. This could be achieved through

functional cooperation on four security priority areas: Asian regional security infrastructure, rule of law, global commons, and safeguarding EU interests in Central Asia.

The EU is phasing out development aid for many countries in the region. Observing the declining credibility of the EU as a development actor, it has to work harder to include and streamline development issues into its other regional policies with Asian countries. Yet, **Thomas Henökl** identifies the ASEAN-EU relationship as a key venue for 'orchestration', or 'win-win', of both sides' preferences for a multilateral global governance architecture. Europe could take a leading role in improving the development focus of plurilateral trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP) in Asia, Trade in Services Agreement (TISA) or the Environmental Goods Agreement (EGA), and in promoting the respect of labour standards, workers' and human protection, in particular women's and children's rights.

Moving away from these two traditional angles, the following chapter focuses on human security – an approach which fits well with the EU's limited military capabilities – **Reuben Wong** and **Scott Brown** see particular opportunities for the EU to get involved in counterterrorism activities such as supporting law enforcement reform and to engage within the Asia Regional Forum. Another opportunity lies in cooperation on Humanitarian Assistance and Disaster Relief (HADR) in particular in the context of the refugee crises in both Europe and ASEAN. Here, the EU has specialist expertise to offer. An obstacle to the EU being taken seriously as an interlocutor is the missing perception as an international actor – participation in high-profile missions and exercises, such as the search for MH370 flight, might be a way to build its image.

On climate change the COP21 climate conference in Paris delivered a landmark climate agreement. **Diarmuid Torney** explains that since then the landscape of global climate and environmental politics has been evolving rapidly, with the prospect of multiple focal points of climate leadership around the world. Against the backdrop of the end of development cooperation funding for China and India in particular, the EU needs to build cooperation that allows for mutual lesson-learning and joint technology development. The EU should also develop more robust mechanisms to manage trade tensions that are likely to grow more intense as more focal points of climate leadership emerge over the coming years. Faced with a unique alignment with

the US on climate change the EU should work with the US to build strategies of joint engagement with Asian partners on climate environmental issues.

The report concludes its analysis with concrete recommendations for an EU-Asia strategy along the main tensions of security and political relations, development cooperation and climate change policy. The three main recommendations are (i) an increased cooperation through Asian multilateral fora and non-traditional security issues, (ii) the EU to position itself as a neutral arbiter in a volatile Asia Pacific, and (iii) an increased focus on public diplomacy. Cross-cutting concerns remain the diverging concepts of sovereignty and multilateralism between the two regions and a lack of mutual understanding.

All chapters of the report emphasize the need to look at the needs of the countries in Asia-Pacific and to match these with EU capacities. This demonstrates the unique and still low-profile agenda the EU has *vis-à-vis* the region. Its most important interests are multilateralism, stability and institutional cooperation and integration. The contrast is stark to other strategic interests, like the refugee crisis in North Africa, which forces the EU to define very concrete interests in its relations. Under these circumstances a focus on the perception and needs of the other side can indeed become crucial for developing and communicating a clearer European strategy. ■

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Ralf Dahrendorf and the Dahrendorf Forum

In 2010, the Hertie School of Governance, the London School of Economics and Political Science (LSE) and Stiftung Mercator launched a joint initiative to honour Lord Ralf Dahrendorf's legacy as a leading sociologist and public intellectual with a passionate commitment to the European idea.

Writing in 1969, Dahrendorf famously defined the role of the public intellectual thus: "to doubt everything that is obvious, to make relative all authority, to ask all those questions that no one else dares to ask". It is in this spirit that the Dahrendorf Forum promotes critical thinking on the public policy challenges that Europe faces.

For Dahrendorf, the central challenge for modern societies is to negotiate and balance the unavoidable tensions that exist between the competing values of justice, liberty and economic wellbeing, and between economic efficiency, identity and security. How can European societies become just, open and prosperous? How can they aim for efficient economies where people have a sense of community and enjoy internal as well as external security?

Identifying Europe's latent and manifest tensions at these different levels, their conflict potential, and the options that present themselves for managing and resolving conflicts – that is the essence of Dahrendorf's approach. The Dahrendorf Forum will pursue this approach through research, engagement and debate, and in doing so seeks to honour Lord Dahrendorf's intellectual legacy.

Robert Falkner

Developing Regional Capacities

EU Strategy towards Southeast Asia and ASEAN

Yeo Lay Hwee

Key Points:

1. The EU needs to understand and recognise ASEAN for what it is, and not what the EU wishes ASEAN to be;
2. The EU needs to take a multi-pronged approach in engaging ASEAN and its member states; and finally,
3. The EU needs to leverage on its strength, in particular its economic power, to build the foundation for a strategic partnership with ASEAN.

The European Union's (EU) strategy towards Asia needs to be far more nuanced and differentiated. Asia is, after all, an immense and heterogeneous entity. Its sheer size and diversity in political systems, in stages of socioeconomic development, in cultures and religions constitute a set of circumstances that makes it difficult to devise any one policy prescription for or description of the entire region.

Even in a sub-region such as Southeast Asia, the differences and diversities are immense. Hence the EU needs to adopt a multi-pronged and flexible approach in engaging with the Association of Southeast Asian Nations (ASEAN) and its member states. It must seek to understand the strengths and weaknesses of ASEAN, and devise a strategy that can support ASEAN and its member states in an appropriate way that allows ASEAN to grow in strength and not be torn apart by centrifugal forces, which would add to uncertainties in the Asia-Pacific region.

The EU is still primarily seen as an economic actor in Southeast Asia, and its core interests and influence would be to see the building of a more cohesive ASEAN that is more integrated economically and ready for business. A more cohesive and economically strong ASEAN would in turn increase its ability to partner with the US, China and other major powers to work together in securing the regional order.

The EU must leverage on its economic power and strengths in certain soft security issue areas such as climate change and conflict management to sustain its engagement with ASEAN and its member states. It should not insist only on a bi-regional approach in all issues, but should participate selectively in different policy priorities of ASEAN member states and help build national capacities and competencies which would in turn feed towards a better functioning of ASEAN as an entity.

For instance, it could work with Singapore in the area of infrastructure financing and seek sound long-term infrastructure investments in the less developed ASEAN member states as a way to help close development gaps. It could also work more closely with ASEAN countries in the Mekong sub-region on issues of environmental protection and sustainable development. Only with this more pragmatic and flexible approach will the EU become a welcomed player in the region.

AN OVERVIEW OF EU-ASEAN ENGAGEMENT

In the 1994 European Commission's Communication '*Towards a New Asia Strategy*', the EU acknowledged the longstanding relationship that it had with ASEAN and saw EU-ASEAN relations as a cornerstone of its dialogue with the broader region. While the potential for a more fruitful EU-ASEAN relationship was touted, the reality up until the 1st decade of the 21st century was a long-standing partnership that never fully blossomed.

EU-ASEAN relations started off low-key in the 1970s, and then went into an acrimonious phase over democracy and human rights issues in the 1990s with the end of the Cold War. The Commission tried to 'reinvigorate' the partnership with ASEAN in 2003 with its Communication '*A new partnership with Southeast Asia*', recommending that the EU and its member states should adopt a pragmatic approach towards Southeast Asian countries and ASEAN, and forge relations at both bilateral and inter-regional levels. This pragmatic turn coincided with the period of ASEAN's search for a framework of deeper regional cooperation in response to the aftermath of the Asian Financial Crisis and the rapid rise of China.

In the bid to 'reinvent' itself, ASEAN borrowed the EU lexicon of 'community building' and regional integration. This led the EU to scale up efforts in engaging ASEAN, in particular in the area of providing support for capacity building towards integration with programmes such as the ASEAN Programme for Regional Integration Support (APRIS), from 2003-2010, to the current ASEAN Regional Integration Support from the EU (ARISE).

However, despite such efforts, EU-ASEAN relations continued to be plagued by disagreement over developments in Myanmar and how to engage the country. It was not until Myanmar's election in 2011 that set in motion a credible reform process (see the chapter by Robert Cooper in this report), and the US Pivot to Asia changed the geopolitical undercurrents in the region that the EU re-examined its relationship with ASEAN.

In the May 2015 Joint Communication, the EU acknowledged that it "has a strategic interest in strengthening its relationship with the Association of Southeast Asian Nations", because "ASEAN is at the heart of the efforts to build a more robust regional security order in the wider Asia-Pacific".¹

“The first thing the EU needs to do is to remove its Eurocentric lens. It wrongly assumes a kind of automatism by which all regional processes would become more institutionalised...”

A PARTNERSHIP WITH A STRATEGIC PURPOSE?

What does the EU really mean when discussing an EU-ASEAN partnership with a strategic purpose? And what processes can the EU initiate with ASEAN that would truly strengthen regional processes in the region, and make ASEAN a robust partner in strategic cooperation on multilateral conflict resolution processes?

For the EU to have a truly meaningful relationship with ASEAN, the first thing it needs to do is to remove its Eurocentric lens. It wrongly assumes a kind of automatism by which all regional processes would become more institutionalised, and that the EU model would serve as an inspiration for other regional entities. It needs to understand the different historical and geopolitical contexts that led to the founding of ASEAN, and accept ASEAN for what it is, and not for what it wishes it to be.

Secondly, the EU needs to focus on its core interest in the region and prioritise, not embark on an overly ambitious laundry list of goals and objectives.

Thirdly, the EU should have a clear assessment and appreciation of ASEAN's role in the broader Asia-Pacific region, and then decide if and how it can work with and support ASEAN to strengthen regional stability.

“THE NATURE OF THE BEAST”

In trying to place the EU in the context of nation states versus international organisations, the EU is often derided as neither fish nor fowl – it is neither a federated state like the United States (US), nor is it a classical organisation of sovereign states like the United Nations (UN). Hence, some political scientists argued that the EU should not be expected to behave and be judged by standards governing nation states or international organisations.

Similarly, for the EU to have a good working relationship with ASEAN, it has to understand the nature of this beast. In his chapter in the upcoming *'Oxford Handbook on Comparative Regionalism'* Amitav Acharya argues that “while the EU is built around the concept of integration, regionalisms in the non-western world (and I would add in particular ASEAN) is built around the idea of autonomy”.²

There is no transfer of sovereignty and there is nothing supranational in ASEAN. ASEAN, as emphasised by a Singaporean diplomat, “is an organization of sovereign states who act through their respective governments”. As an “inter-state organization that works by consensus between its member states, ASEAN is not a substitute for national political will, national competence and national capability.”³

The EU is finally beginning to realise that ASEAN is not going to become like the EU in the foreseeable future despite all the talks in ASEAN about community building. The EU is therefore following a multi-pronged approach towards ASEAN – engaging ASEAN not only at the inter-regional level, but also increasingly engaging individual or a cluster of ASEAN states within the ASEAN or EU-ASEAN framework.

More importantly, the EU should also realise that engaging ASEAN means that the process is as important, if not more important, as the goal. “Working by consensus means ASEAN often privileges form over substance.”⁴

If the EU thinks it is important for it to be seen in the region, then it needs to engage in this diplomatic dance. However, if there are very specific and concrete goals that the EU wants to achieve, it is best then for the EU to be more flexible and to identify like-minded players within ASEAN, and work with some of the members first rather than insist on a strictly region to region approach. The EU has begun to realise this, and started a much more differentiated strategy as seen in the suspension of the EU-ASEAN FTAs in pursuit of individual bilateral FTAs with ASEAN member states that are ready to ‘take the plunge’.

“In contributing to the national capacities of the various ASEAN member states, the EU is indirectly strengthening the foundation for ASEAN regional cooperation.”

Moreover, the EU-Singapore FTA was concluded in 2013 and the EU-Vietnam FTA has just recently been concluded. However, both FTAs will not enter into force until the European Court of Justice issues a ruling on the competence over investments.

The EU has also opened negotiations with Malaysia and Thailand, though both are not progressing well because of domestic political problems, and, for Thailand, this includes concerns over use of trafficked labour in its seafood industry.

In any case, the more pragmatic strategy of the EU is revealed in its latest Joint Communication where it acknowledges that “taking EU-ASEAN relations to the next level will build on and complement the already rich and varied bilateral ties between the EU and individual ASEAN member states”, and putting special priority on working with ASEAN countries in the Mekong Sub-region to reduce the intra-ASEAN development gap and to connect these countries.⁵

In short, in the areas of functional cooperation, the EU needs to creatively align different interests and different priorities and work with different constellations of ASEAN member states. In contributing to the national capacities of the various ASEAN member states, the EU is indirectly strengthening the foundation for ASEAN regional cooperation.

EU'S CORE INTERESTS IN SOUTHEAST ASIA

What are the EU's core interests in Southeast Asia and the broader Asia-Pacific region? As noted in the Joint Communication, ASEAN as a whole is the EU's third largest external trading partner (after the US and China), and the EU is ASEAN's second largest trade partner (after China).⁶

The EU has also invested significantly in the Southeast Asian region accounting for almost a quarter of total foreign direct investment in ASEAN, and is in fact the number one foreign investor with an investment stock of €153 billion. ASEAN's investment into Europe is also growing and reached a total stock of over €57 billion at the end of 2013. Judging from these numbers and the growth trajectory of the ASEAN member states, the potential of ASEAN as a market for European goods and services is yet to be reached. Hence, the EU needs to focus its attention on engagement with ASEAN and its member states that can lead to the realisation of mutual benefits of increased trade and investments.

Compared to the 1990s and early 2000s, where support for globalisation and free trade was high, there is now an increasing questioning of the neoliberal consensus in the face of crises, rising inequalities, wage stagnation, and high unemployment in many parts of the world. This has led to the rise of economic nationalism and the temptations toward greater protectionism. As the world's biggest trading bloc, the EU has an interest to keep protectionism at bay and this is certainly an area that the EU should work with ASEAN and its member states. Hence, the EU needs to focus attention on growing the potential of EU-ASEAN trade and investment relations.

Closely related to trade and investments is the issue of connectivity, which has become a buzzword in ASEAN and the Asia-Pacific. The EU should position itself to partake in the opportunities arising from the infrastructure developments, the shaping of regulatory and institutional frameworks to promote connectivity, with an eye also to other initiatives proposed by China such as the One Belt One Road initiative and the Asian Infrastructure Investment Bank (AIIB) (14 out of the 28 EU member states are founding members of the AIIB). The EU thus needs to find ways to work with its own member states, other international partners, and multilateral financial institutions to support infrastructure projects that can be profitable and at the same time drive economic development and integration in Southeast Asia.

Beyond trade and economics, the EU has been pushing the climate change agenda. It has already invested in the area of forest governance and management of peat land, an increasingly important issue for ASEAN as the region continued to face recurring haze year after year from forest and peat land fire. Data from the World Resources Institute⁷ noted that on the worst days, the daily carbon emission from the forest fires in Indonesia exceeded that of the entire American economy. Deforestation in many parts of Southeast Asia, and in particular Indonesia, needs to be addressed, and the EU experience in managing its natural environment and protecting its forests can be shared. The EU will have to strengthen its engagement with ASEAN countries through the EU's Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (VPAs). Through the EU-funded Sustainable Management of Peatland forests in Southeast Asia (SEApeat), the EU should capitalise on the recent strong sentiments on the haze pollution, worsened by the El Niño effect, to work with Indonesia to manage its peat land.

“An area that offers great potential for EU-ASEAN partnership is the sharing of experiences in conflict prevention and crisis management.”

EU'S STRATEGIC INTEREST IN THE ASIA-PACIFIC REGION

In its 2015 Joint Communication, the EU asserts that “A strong, cohesive and self-confident ASEAN proceeding with its own integration is good for regional stability, prosperity and security and creates new opportunities for cooperation on regional and global challenges”.⁸ Hence, it is important for the EU not only to invest economically in ASEAN, but also politically: “Deeper engagement with ASEAN is key to developing a more rounded Asia strategy”.⁹ The EU has expressed strong interest in engaging ASEAN on the issue of sea lanes of communication and maritime security, in view of the fact that much of the EU's trade with Asia is shipped via the South China Sea and Malacca Straits.

ASEAN's role in the different regional forums in the Asia-Pacific region is unique, in that it is a recognition of its relative weakness *vis-à-vis* the major powers. But it is precisely this weakness that allows ASEAN to have the ‘convening power’ to bring the different major players to the tables of these loose forums.

ASEAN is now caught in the midst of the rising tensions between China and the US, and increased shrillness also in the bilateral relations between China and some of the South China Sea claimant states, such as the Philippines and Vietnam. Concerns are growing over potential cracks in ASEAN's unity and coherence. Only a more coherent ASEAN can continue to play an important convening role to bring the US and China to the same table and contribute to the management of the strategic competition between these two powers.

The EU shares the same strategic interest as ASEAN in keeping competitive relations between China and the US on an even keel. Managing a rising power such as China requires sustained attention; with the EU engulfed in several crises in its own backyard, the pragmatic way for the EU to be involved strategically in the

Asia-Pacific is to work in partnership with ASEAN, where China is a central reality that looms large.

It is therefore in the EU's interest to support the building of a cohesive ASEAN that can continue to play this convening role. The EU needs a long-term sustained strategy, and not the current rather piecemeal and ad hoc approach. To support regional coherence, the EU firstly needs to build up the national capacities of the different ASEAN member states.

With huge diversities in the socio-political and economic developments amongst the ASEAN member states, it is only sensible that the EU seeks to understand the different priorities of the ASEAN member states and adopt a differentiated strategy in building national capacities and competences in order to close the development gaps in ASEAN. This should be done with the understanding that strong national institutions are necessary to complement region-building in this part of the world, and that a more integrated and coherent ASEAN will be a key factor for continued peace and stability in the region.

Beyond this broad remit, an area that offers great potential for EU-ASEAN partnership is the sharing of experiences in conflict prevention and crisis management (see the chapter by Wong and Brown in this report). Several ASEAN states remained plagued by religious and ethnic tensions – from the long-standing tensions in South Thailand to the outbreak of violence in the Rakhine state in Myanmar. There is a need for ASEAN to be equipped with a full set of tools, from quiet diplomacy to mediation, for building sustainable peace. The EU could use existing channels, such as its participation in the ASEAN Regional Forum (ARF) and the Asia-Europe Meeting (ASEM) to engage in this policy exchange. The ARF in particular, with its focus on preventive diplomacy and conflict prevention, is an ideal platform for the EU to be engaged with ASEAN on these issues.

CONCLUSION

Since the 1990s, the EU has recognised the need to strengthen its engagement with a growing Asia. Driven initially by economics, the growing interdependence between the EU and Asia, and the aspirations of the EU to be a global actor as it develops its Common Foreign and Security Policy (CFSP), has the EU seeking to be a far more comprehensive actor in Asia - rather than being limited to pure economic pursuits.

Southeast Asia, one of the most dynamic regions in Asia, and ASEAN, a regional entity that has enjoyed a relatively successful role in underpinning security regionalism in the Asia-Pacific, deserve attention from the EU.

For most of the 1990s and 2000s, the EU has been obsessed with China. In addition, the EU's sanctions on Myanmar and its reluctance to engage the military junta in Myanmar has to some degree impacted the development of EU-ASEAN relations.

Myanmar's reforms and the growing strategic importance of the Southeast Asian region, in the context of US-China rivalry, has led to the EU's increased attention on ASEAN and Southeast Asia. The Joint Communication to the European Parliament and the Council on 'The EU and ASEAN: a partnership with a strategic purpose', released in May 2015, is a reflection of this shift.

However, for the EU to truly engage ASEAN, it needs to have a better understanding of how ASEAN actually works, and adopt a more nuanced and differentiated approach to ASEAN and its member states, in order to enjoy a more fruitful and rewarding partnership of mutual benefit. ■

NOTES

- 1 Joint Communication to the European Parliament and the Council, *The EU and ASEAN: a partnership with a strategic purpose* (Brussels, 18 August 2015), p.2.
- 2 A. Acharya, 'Regionalism beyond EU-centrism' in T. Risse and T. Borsel (Eds.) *Oxford Handbook on Comparative Regionalism* (forthcoming).
- 3 Statement made in the opening speech titled '*A Cow is not a Horse*' for the Youth Model ASEAN Conference. The Singaporean diplomat, Bilahari Kausikan, exhorts that ASEAN remains an ill-understood organisation and that criticisms of ASEAN often amounts to accusing a cow of being an imperfect horse. See B. Kausikan, 'Asean is a 'cow, not a horse'', *The Middle Ground*, 6 October 2015, available at <http://themiddleground.sg/2015/10/06/asean-cow-not-horse-bilahari-kausikan/>.
- 4 Kausikan, 'Asean is a 'cow, not a horse'.
- 5 Joint Communication to the European Parliament and the Council, 'The EU and ASEAN: a partnership with a strategic purpose', Brussels 18 May 2015, 3-4.
- 6 *Ibid*, p.4.
- 7 See: The Economist, 'Indonesia's forest-fire haze', 6th November 2016, available at: <http://www.economist.com/blogs/graphicdetail/2015/11/daily-chart-3>.
- 8 Joint Communication to the European Parliament and the Council, 'The EU and ASEAN', p.2
- 9 *Ibid*, p.3.

EU Regional Strategy in South Asia: Moving Beyond the Role of a Trade Partner

Garima Mohan

South Asia is quickly emerging as a pivotal region of the world. It boasts rapid economic growth, is a conduit through the Indian Ocean to a large share of the world's trade, has states in various stages of transition to democracy and faces a number of developmental and security challenges. And of course, it is home to rising powers such as India.

While the United States and EU member states such as Britain, France and Germany have recognised the potential of the region in economic and security issues, the EU is hardly visible as a strategic actor in South Asia. In spite of longstanding partnerships with many South Asian states, the EU is viewed mostly as a trading bloc and not as a political or security actor in the region, despite spending a large amount of aid funds in various sectoral allocations. The EU certainly has an 'image problem' in South Asia, and yet the region's importance has not been duly recognised in recent discussions on the EU's global strategy¹ and the EU's approach to important partners such as India is outdated, lacking of innovative policy responses.²

This chapter will argue that there is an urgent need for the EU to revise and update its South Asia strategy. The EU is not yet an important player in South Asia, but the region is of increasing importance to the EU – not only for economic reasons, but also for the security of the European continent. Indeed, not only does the EU rely heavily on the Indian Ocean to secure its position as a major actor in world trade, but instability in regions like Afghanistan and Pakistan directly

impact European security through their links to home-grown terrorism and similar threats.

This chapter will demonstrate that the EU has not yet formulated a strategy for its actions in South Asia, even with regard to important actors like India. To maximise its impact, the EU needs to conduct a 'needs assessment' that helps it to understand South Asia's evolving needs and to distinguish itself from other actors such as the US and EU member states.

This chapter also argues that the EU's real strength lies in providing norms, rules and regulations which it has already developed through its historical and institutional experience, for instance, on complex legal questions of cross-boundary resource sharing.³ In addition, it needs to refocus its bilateral partnerships on the common threats and challenges it shares with South Asian states.

The following sections will analyse the EU's relationship with the region by looking at the EU's relationship with India, its attempts at promoting regional integration through South Asian Association for Regional Cooperation (SAARC), and finally its aim of promoting democratic consolidation in countries like

Key Points:

- There is an urgent need for the EU to revise its South Asia strategy, given the region's economic importance but also for the security of the European continent.
- The EU-India partnership has grown stagnant despite shared foreign policy goals because it is set within an old, outdated template that hinders effective cooperation. The EU must prioritise areas where it is clearly perceived as an important actor by Indian elites such as climate change and energy.
- In promoting regional integration and democracy in South Asia, the EU has many interesting policy templates to offer, but these must be based on a 'needs assessment' with South Asian partners.

“ Instability in regions like Afghanistan and Pakistan directly impact European security through their links to home-grown terrorism and similar threats. ”

Pakistan, Bangladesh, and Sri Lanka. Each of these sections will provide policy recommendations on how to reconfigure these relationships by identifying common risks and threats, as well as identifying the EU's unique strengths and capacities in dealing with some of the challenges South Asia is facing.

EU-INDIA COOPERATION

The EU-India Strategic Partnership presents a great paradox. In rhetoric, the partnership is based on a solid foundation of shared values and beliefs, such as the shared commitment to democracy, pluralism, rule of law, and multilateralism in international relations. In practice, however, the partnership has stagnated, with very little to show in terms of strategic cooperation.

The EU-India summit, the official bilateral platform that was to be held on an annual basis, had not taken place between 2012 and 2016. Even under the new Narendra Modi administration, which has assiduously focused on foreign policy and on reviving India's ties with its strategic partners, the relationship has not seen drastic improvements. Brussels was initially dropped from his European itinerary in April 2015.⁴ Furthermore, the partnership has routinely been held hostage to single issues, such as the detention of Italian marines by India or the Free Trade Agreement negotiations.⁵

The EU-India Strategic Partnership has grown stagnant despite shared foreign policy goals and values partly because it is set within an old, outdated template that hinders effective cooperation. For example the Joint Action Plan, which is the roadmap of the Strategic Partnership, is a set of statements broadly outlining possible areas of cooperation; it is

not a strategic document for joint action and has not been revised since 2008, despite changing priorities on both sides.

The recent EU India summit which took place in March 2016 added a new document Agenda 2020 which narrows down cooperation priorities to a few strategic areas. However, the modalities of cooperation have not been specified still.

Such a broad framework inhibits cooperation on many issues and reduces the 'strategic' partnership to mere dialogue. A larger problem is that the EU is mostly invisible in India; it is crowded out by member states in important areas such as security cooperation. EU officials often complain of not being taken seriously by the Indian government, which prefers to work in bilateral partnership arrangements instead.⁶ Overall, the partnership has focused largely on technical assistance and development projects in India, particularly in areas such as health and education. In that sense, the focus has not evolved much beyond the origins of the EU-India partnership, which lie in the provision of development aid and technical assistance to India.

To overcome this gap, there is an urgent need to update the Strategic Partnership according to the changing needs and priorities of both India and the EU, in addition to making it qualitatively different from India's bilateral partnerships with the member states by focusing on areas where the EU's expertise is recognised. This can be achieved by following a two-fold criteria that identifies the most pressing policy needs in India and determines whether the EU can offer templates to address them, and vice versa. Based on these criteria, the areas that show a high potential for cooperation are climate change mitigation

and adaptation, maritime security, and technology transfers and capacity building across a number of strategic areas where India is actively seeking policy expertise or has already identified the EU as a model to be emulated.

Climate change is one such area where policymakers in India not only recognise the need to learn from templates from abroad, but also view the EU as a global leader.⁷ Furthermore, India has already incorporated policies to deal with climate change effects in its core development strategy and the National Action Plan for Climate Change (NAPCC), demonstrating a readiness to work on this issue.⁸ Despite differences in their normative claims in global climate debates, as well as over legally binding greenhouse-gas emission targets, there is space for stepping up cooperation on several issues within the EU–India partnership.

This is particularly the case for renewable energy, for which the Modi government has made a massive push in recent years, putting forth a number of renewable energy targets to reduce dependence on coal. While the government has formally allotted budget funds to achieve these goals, India needs more investment, particularly in research and development, to reach these targets. The Indian energy market is constantly growing and is one of the most developed markets in the world today.⁹ Thus, there is potential for the EU to not only invest in renewables and clean energy, but also share policy expertise to facilitate development planning and decision-making in this area.

Maritime security, especially in the Indian Ocean region, is of increasing importance for both the EU and India. Both actors are affected by non-conventional security challenges in the Indian Ocean – notably piracy, human and drug trafficking, and maritime terrorism. As a major actor in global trade, the EU has a vested interest in maintaining and securing the vital sea lines of communication in the Indian Ocean. India has also recognised the importance of the region, which features prominently in the Indian Maritime Security Strategy (2015). Despite these threats and the rise of new naval powers in the Indian Ocean there is no effective multilateral cooperation on maritime security in the region.¹⁰

Currently, the most relevant forum is the Indian Ocean Naval Symposium, which is an Indian initiative and includes a number of coastal states. This represents an important opportunity for both the EU and India to explore multilateral cooperation and to build upon the substantial synergies visible already between the

EU's Blue Growth Strategy and India's Blue Economy Plan,¹¹ as well as in the Indian Maritime Security Strategy. The Indian Ocean region may be too disparate to replicate the EU model, but given that India aims to be a 'net security' provider in the Indian Ocean region, it is in its interest to forge a multilateral consensus around common non-traditional security threats in the region and to replicate the multi-agency and -sectoral coordination seen in the EU's strategy, especially in the Bay of Bengal region.¹²

Finally, even though India is experiencing rapid economic growth, it still faces immense developmental challenges. The country may not be a traditional development aid recipient anymore, but it still seeks technical cooperation and technology transfers to secure its economic growth. There is great potential for cooperation in initiatives such as Clean Ganga, Smart Cities, solar farms and renewable energy projects – precisely where India seeks policy templates and where the EU has a great deal of experience and technical prowess to offer. Since the member states have crowded out the EU in other strategic areas, the EU's real strength lies in technology transfers in these specific sectors.

PROMOTION OF REGIONAL INTEGRATION

In its interactions with SAARC, the EU primarily seeks to promote regional integration in South Asia in order to "consolidate the ongoing integration process through its economic influence in the region, its own historical experience of economic and trade integration and of dealing with diversity."¹³ In practice, the EU has focused on trade by promoting the harmonisation of standards, raising awareness about the benefits of regional cooperation and promoting business networking in the SAARC area.¹⁴ While this focus on integration through trade is important, the EU's approach faces serious impediments due to several South Asian regional peculiarities and the institutional structure of SAARC.

The region is among the least integrated in the world, largely because of India's hegemonic position as well as present and historical tensions between neighbouring states. Furthermore, 'institution building is front loaded in the EU but back loaded in SAARC,'¹⁵ as the latter lacks principles of subsidiarity and has a focus on sovereignty rather than federalism. While other regional organisations like ASEAN are 'state driven' and have actively sought models for emulation, including the EU, SAARC has been described as 'state stalled.'¹⁶ It is limited

“ The EU also needs to recognise that pushing the goal of integration in South Asia is not the most effective strategy. ”

by its purely consultative nature and the in-built limitations of its charter, which prevent it from being effective at regional integration.

Due to these various impediments, there is only limited demand or will in the region, despite the longstanding partnership between SAARC and the EU, to take up on what the EU is offering – namely, learning on regional integration. Since ‘interregionalism’ and interregional cooperation have emerged as an important component of EU foreign policy and external relations,¹⁷ it needs to realign its focus to have a more effective partnership with SAARC. In this case, the real potential of the EU lies in exporting regulation, since it has already worked out solutions to many of the pressing problems faced by the South Asian region. These go beyond trade and include legal questions of cross-boundary river and water sharing arrangements, resource sharing, common market, environmental issues and energy grids, and longstanding border disputes. While there is little political will for full integration in South Asia, cross-border resource sharing poses problems that are pressing for most South Asian states. If the EU cannot export institutions to South Asia, it can certainly promote policy transfers and export of regulatory frameworks by training bureaucrats and undertaking capacity building for SAARC institutions in these areas. Moreover, it is key for the EU to recognise that the goal of longer-term regional integration will be difficult in South Asia, and that SAARC certainly does not have an ASEAN-type growth trajectory. But SAARC needs policy templates to be an effective actor in the region – and here, the EU can play an important role.

ENGAGING IN DEMOCRACY AND HUMAN RIGHTS

The EU has channelled development aid into many South Asian countries, but there remains much work to be done to consolidate democracy and promote institution building in states like Pakistan, Nepal, Maldives and Bangladesh, and to promote human rights in Sri Lanka. To be a strategic actor in South Asia and to ensure the efficiency of its development aid to the region, the EU needs to develop broader policies that go beyond sectoral cooperation, particularly in view of all the threats and various potential destabilising forces confronting the region.

The conundrum faced by the EU is most visible in its relationship with Pakistan. The country is of immense relevance to the EU, primarily because Pakistan is the pivot around which the success of the EU’s efforts in Afghanistan revolves. Pakistan was important for the security of European troops in the International Security Assistance Force (ISAF) and continues to be so for the security of the European continent. Moreover, Pakistan embodies at least five of the key threats outlined in the European Security Strategy (ESS) – namely terrorism, proliferation of WMDs,¹⁸ regional conflicts, state failure and organised crime.¹⁹

Given the scale of the problem and the EU’s interest in stabilising the region, its policy response in Pakistan has been disproportionately small. Since a cornerstone of EU foreign policy is democracy promotion,²⁰ its relationship with Pakistan has traditionally been based on promotion of human rights, good governance and the rule of law. Under these priorities, the EU has engaged in activities like support

for civil society, human rights monitoring and election observation – the latter probably the best-known EU instrument in the country.²¹ The impact of these efforts, however, is bound to remain minimal, for democratic institutions have been severely damaged after years of interference from military rule in Pakistan. The army elite has developed an economic empire and devoted much of the national budget to foreign and defence policies.²² Thus far, it is unclear if the EU has a strategy for dealing with these systemic problems in the country as part of its democracy promotion efforts. It is obvious that these fundamental problems need to be addressed in order for the EU's other sectoral approaches and aid streams in Pakistan to succeed.

2012 marked the start of the strategic dialogue between the EU and Pakistan. This could be the opportune platform for working on a range of security issues and for increasing collaboration between the two actors on rule of law, counterterrorism and counter-proliferation. The EU is virtually absent in the field of security sector reform in the country, except for some counterterrorism and police-training programs, which limits its potential influence on Pakistan. Brussels should consider investing in security sector reform, building upon its experience in reforming the security sectors in Central and South Eastern Europe as well as the Western Balkans.²³ The ESS advocates security as a precondition for development, which is particularly applicable for Pakistan, where the democratic transition would falter if the deteriorating security situation gives the military new opportunities to intervene in the government.

When it comes to other countries in the region, the EU has often included democracy and human rights approach in its trade policy. This carrots-and-sticks approach is not so effective in third countries and is often perceived as intrusive.²⁴ South Asian countries are signatories to several international conventions and charters on human rights and democracy that are overseen by specialist institutions monitoring compliance. As a result, there is little need for the EU's trade policy in the region to have democracy and human rights monitoring mechanisms as well. Here, many recommend an alternative approach that can be tailored to the individual requirement of each country.²⁵ Given the large amount of development aid already being channelled by the EU into South Asia, the EU should prioritise political dialogue and capacity building in the region by working closely with South Asian partners.

CONCLUSION

South Asia is an important region on the global stage. It is characterised by massive economic growth rates and emerging markets. At the same time, it is the centre of global security concerns, from securing the oceans to combating terrorism. Interestingly, while the US and China have been increasing their engagement with the region, it continues to be a blind spot for the EU.

The EU's partnerships in the region are based on an old development and technical assistance model, which tends to ignore the strategic significance of the region and changing political realities. This demonstrates an urgent need to revive and reset the EU's partnerships with South Asian states and with the SAARC. To increase its impact as an actor in the region, the EU needs to focus on areas where it is recognised as a policy leader and where there is demand from the South Asian side to learn from the EU's historical and technical experience. At the same time, there is a need to recalibrate EU strategy to take into account threats and challenges that it shares with the South Asian region.

In the case of India, the EU needs to distinguish its strategic partnership with the country from India's bilateral relationships with EU member states, in order to avoid being crowded out by the latter. To do so, the EU needs to reset its partnership with India and sharpen the focus of the Joint Action Plan. Cooperation in climate change and renewable energy, maritime security, and capacity building and technology transfers could be a good starting point, as India already recognises the EU as a leading actor in these areas.

The EU also needs to recognise that pushing the goal of integration in South Asia is not the most effective strategy – instead, building SAARC capacities on instruments such as cross-boundary resource sharing, for which there is political will, might prove more effective and eventually lead to greater regional integration. Finally, as a security actor, the EU needs to do much more in countries like Pakistan and promote democratic consolidation in other South Asian states. Here, sectoral cooperation has to give way to a far more holistic push for democratic institutions to make EU aid more effective and to translate its trade presence into political influence. ■

NOTES

- 1 For instance, background documents for the ongoing consultation exercise on developing an EU global strategy (such as Missiroli (Ed), *Towards an EU global strategy – background, process, references* (Paris: European Union Institute for Security Studies, 2015)) hardly mention South Asia, except for references to Afghanistan and maritime security. But here, too, the trend is to view the latter as isolated issue areas and not to link them comprehensively to South Asia-wide trends.
- 2 See the recent studies within EU–India literature, particularly Jokela-edited volume *The Role of the European Union in Asia* (2016).
- 3 This draws upon the idea of EU “external governance” (Lavenex & Schimmelfennig 2009), which conceptualizes the transfer of EU’s rules and policies to third countries and international organizations, arguing that EU norms and rules may gain prescriptive qualities towards third countries without purposeful policy transfer on the part of the EU.
- 4 According to official Indian sources, the visit was cancelled because the EU did not respond in time to the Modi government’s call for a visit in 2015.
- 5 Reuters reported that the case of the Italian marines hurt EU–India relations. Sources also attribute it as one of the reasons for the cancellation of the EU–India summit in 2015. <http://in.reuters.com/article/2015/03/16/india-eu-italian-marines-idINKBN0MC1CD20150316>.
- 6 Author Interviews with EU Delegation in Delhi, September 2014 and November 2015.
- 7 Author Interviews with policymakers in India, September 2014 and November 2015.
- 8 See “India’s push for renewable energy: is it enough?” <http://news.nationalgeographic.com/news/energy/2014/09/140919-india-modi-renewable-energy-science-world-wind-solar/>.
- 9 *Ibid.*
- 10 See L. Cordner, ‘Progressing maritime security cooperation in the Indian Ocean’, *Naval War College Review* 64, No. 4 (2011): 68; Potgeiter 2012.
- 11 V. Sakhuja, ‘Blue economy: an agenda for the Indian government’, *Center for International Maritime Security*, September 19, 2014.
- 12 See N. Srivastava, ‘Multilateral maritime cooperation in the European Union: can IOR borrow the template?’, in V. Sakhuja et al. (Eds.) *Partnering Across Oceans* (New Delhi: National Maritime Foundation, 2016) for more details on the templates that the Indian Ocean region can borrow from the EU.
- 13 European Union External Action, ‘EU Relations with South Asian Association for Regional Co-operation (SAARC)’, accessed 21/3/2016, http://eeas.europa.eu/saarc/index_en.htm.
- 14 *Ibid.*
- 15 K. K. Bhargava and A. Mukherjee Reed, ‘The European Union, South Asia and democracy in development: Dialogue and partnership’, *International IDEA* (2009), <http://www.idea.int/resources/analysis/loader.cfm?csmodule=security/getfile&pageid=35009>.
- 16 S., Kripa and T. C. A. Srinivasa-Raghavan, *Regional Cooperation in South Asia and Southeast Asia* (Institute of Southeast Asian Studies, 2007).
- 17 For details, see B. Hettne and F. Söderbaum, ‘Civilian power or soft imperialism? EU as a global actor and the role of interregionalism’, *European foreign affairs review* 10, No. 4 (2005): 535–552.
- 18 Weapons of Mass Destruction (WMDs).
- 19 For details, see G. Chappell, ‘Pakistan: What Role for the European Union’, *Institute for International and Security Affairs* (SWP) Working Paper, 2009, http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/chappell_Pakistan_format_ks.Pdf.
- 20 The principles are described in the European Parliament resolution of 22 October 2009 on democracy building in the EU’s external relations, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2009-0056+0+DOC+XML+V0//EN>.
- 21 Ballesteros-Peiró, *The EU-Pakistan relationship: looking beyond the trading partnership*, Real Instituto Elcano, 2015 http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/asia-pacifico/ari26-2015-the-eu-pakistan-relationship-looking-beyond-the-trading-partnership21 For details on similar suggestions, see Shada Islam and Gareth Chappell (2009).
- 22 Ballesteros-Peiró, *The EU-Pakistan relationship*.
- 23 For details on similar suggestions, see Chappell, ‘Pakistan: What Role for the European Union’.
- 24 See S. Kelegama, *Trade Policy and Democracy Building in South Asia* (International Institute for Democracy and Electoral Assistance, 2010).
- 25 See *Ibid.* for details.

Towards a strengthened EU strategy towards Australia: Sharing values, respecting difference, consolidating policy depth¹

Philomena B Murray

The relationship of the European Union (EU) and Australia is at a critical turning point that firmly places engagement on the level of a strong partnership, one that could not have been envisaged by either party in the last century. The old – and tired – focus on agricultural trade disputes has faded. The reliance by many in the Australian policy community on a ‘UK prism’ to comprehend the EU has diminished significantly.²

Both the EU and Australia have moved, in recent years, towards a strategy of broad and multifaceted engagement; for example, there is a pooling of resources and capacity in the field of development assistance. Moreover, there is a regional Asia Pacific dimension to the relationship, especially since 2008. There is however scope for increased pooling of resources and capacities of each interlocutor, in functional policy terms and multilaterally, not only in the Asia Pacific context.

Although the past still resonates in the relationship, changes to the range of both interests and values have resulted in a more mature engagement. What is now needed is recognition of the diverse and distinctive narratives and perceptions held by each side, which could still undermine or strengthen further progress. This will entail, for example, the EU restraining from suggesting that it is a template or model for the Asia Pacific, or indeed for Australia in regulatory or normative terms.

Australia has never featured significantly on EU external agendas. It is not a recipient of development aid and it is not a conflict zone. The EU had in the past focused its attention on the

transatlantic relationship, successive enlargements and relations with its neighbours, and development relationships with the African, Caribbean and Pacific states well above Australia in its own hierarchy of interests.

This neglect has been mutual. The Australian focus on the United Kingdom (UK), the Common Agricultural Policy (CAP), and the priority of relationships with the United States (US) and the Asia Pacific region resulted in the EU being relegated to a low position in Australia’s hierarchy of interests. This was despite the fact that the EU has long been the first or second trading partner of Australia across the trade in goods, services and investment.

Key Points:

1. Have more summity and meetings of senior officials;
2. Consolidate cooperation based on shared concerns and values; and
3. Rely on Australian pragmatism and positioning in the Asia Pacific.

TACKLING HISTORY AND GEOGRAPHY, POLICY AND REGION

Both history and geography have featured prominently in the relationship. There have been differing experiences of war and peace, and of understanding of the EU as a peace project, for example. History – and memory – have framed the Australian opposition to the CAP, since the UK accession to the then EEC in 1973, when Australia lost its privileged access to British markets.³

“Shared values in a multilateral context translate into assumptions of mutual trust and understanding in bilateral relations.”

In terms of geography, there has long been a sense of distance and lack of engagement. This has been complemented by a third factor: a commitment of both the EU and Australia to their own immediate region. All of these factors continue to feature in the relationship.⁴

Despite a tyranny of distance, to coin a phrase regarding Australia's geographical distance from many parts of the world;⁵ there has also been, to an extent, a bond based on the appreciation of sacrifice in wartime. Yet distance has remained, in many ways, a backstory of the EU-Australia relationship; a distance from each other's concerns and values, a geographical distance and a gap of perceptions and understandings.

Ludlow's comment that Australia was, in the past, regarded by the EU as 'too far away, too rich and too stable', still has some resonance. It was a country that was "geographically distant, relatively prosperous and lacking in great political clout".⁶

There remains a perspective in Australian policy circles and much of the domestic media that the EU is neither admirable nor a success. The perception must be kept in mind in developing the EU's '*Global Strategy*'.

This paper focuses on how Australia might feature and 'fit' in the *Global Strategy* regarding Asia. It suggests that the relationship with Australia is not solely a regional one involving cooperation in the Asia Pacific region, although that is increasingly substantial, but is multilateral. It further suggests that the development of extensive functional policy cooperation will be very productive in future engagement.

NARRATIVES

The relationship is currently characterised by a narrative of a strengthened partnership. In 2008, then Prime Minister Rudd committed to an engagement that would be "a new economic partnership, a new security partnership, a new development partnership and a partnership on climate change".⁷

The "hostile rhetoric of the Howard government" was replaced by a narrative of "multilateralism, partnership and common strategic objectives" in the field of climate change⁸ and other issues of policy confluence. Symbolically, too, the Rudd apology to the indigenous Stolen Generation of Australia contributed to Australia being regarded in Europe as a like-minded country with common values.

Yet there remains little enthusiasm about the EU in the Australian media and among many politicians – and this is also the case in New Zealand. The EU does not feature as a key partner in most official documents, and when it does there is also reference to the member states. Despite impressive cooperation among senior officials, there remains a reluctance to regard the EU as intrinsic to Australian national or regional interests.

In discussions of Australian foreign policy, the EU does not regularly feature.⁹ The approach towards the Asia Pacific in the *Global Strategy* will need to take cognizance of this and not assume that shared values in a multilateral context translate into assumptions of mutual trust and understanding in bilateral relations.

Almost 50 years of intermittent tensions have left a mark.¹⁰ More than 40 years of close relations with the UK after its accession to the EU suggest that this state remains Australia's most important EU interlocutor, despite strong trade links with Germany and several other member states.

Given that Australia still regards engagement with the EU as being both regional and bilateral, of institutions and states, an all-of-EU engagement (including of member states) with Australia will be important. A recent Australian government document spoke of "Australia's foreign, trade and economic, development and international security policy interests and international standing" being advanced by "a stronger partnership with the European Union and key European countries and continued close ties with the United Kingdom".¹¹

An all-embracing cross-policy and all of government approach would encompass the European Commission's 'Trade for All' commitment, consolidated in a joint statement from Australian Prime Minister Turnbull and Presidents Juncker and Tusk, to commence a scoping study on a Free Trade Agreement (FTA). The 'Trade for All' document states that:

*"Australia and New Zealand are Europe's close partners, share Europe's values and views on many issues, and play an important role in the Asia-Pacific region and in multilateral settings. Stronger economic ties with these countries will also provide a solid platform for deeper integration with wider Asia-Pacific value chains. Strengthening these relationships should be a priority."*¹²

The 'Global Strategy' and its approach towards Asia can be expected to continue the approach of broad agreements such as Framework Agreements. In the case of Australia, a Framework Agreement (FA) due to be signed in the first half of 2016 covers bilateral, regional and global concerns. It features cooperation on trade, investment and economic issues, development issues, scientific and technology collaboration, the rule

of law and the role of the WTO with an emphasis on non-proliferation, democracy promotion, climate change and education policy. This is a significant functional agreement, the product of extensive negotiation, with intensive policy and legislative socialisation, despite the Australian government's concern about the essential elements clause regarding human rights.

On a regional level, the *Global Strategy* can be expected to continue its closer engagement with the Asia Pacific and to draw on the May 2015 Communication on EU-ASEAN relations, including seeking to be accepted as a member of the East Asia Summit. So for these reasons Australia - a potential supporter of that membership, despite little encouragement from Australia - is a key partner, as never before, for the EU.

The policy-regional nexus is evident in the Asia Pacific in a number of key areas. There is an opportunity for further enhancing development aid under the EU-Australia delegated aid agreement, which was announced on 5 September 2011 by then Prime Minister Gillard and then European Commission President Barroso.

On interregional cooperation, there is scope for the two parties, possibly also with New Zealand, to cooperate in the Asia Europe Meeting (ASEM) with possible issue-based leadership on focused themes. The EU may wish to more robustly seek Australia's and New Zealand's views on this joint leadership, especially regarding security cooperation and current counterterrorism discussions.

ASEM will also be a venue in which the EU will seek Australian support to join the East Asia Summit. The EU may wish to frame its case to Australia, like New Zealand, in terms of being like-

Common approaches to developments in the Asia-Pacific region including security in East Asia, the upcoming ASEAN Regional Forum (ARF) and Asia-Europe Meeting (ASEM) Ministerial meetings

minded states on issues relating to the region and their approach to ASEAN and other regional fora. The joint statement of HRVP¹³ Mogherini and Foreign Minister Julie Bishop in 2015 spoke of: common approaches to developments in the Asia-Pacific region including security in East Asia, the upcoming ASEAN Regional Forum (ARF) and ASEM Ministerial meetings¹⁴

There is little interest in the EU as a putative model in Australia and in the Asia Pacific; in fact there is criticism of the EU's handling of the Euro crisis. There may be scope for the EU and Australia to work together in supporting both regionalism and democracy without presenting their own experiences as templates. This is because there is reluctance to regard the EU as a model in much of Asia and in Australia. This approach has been regarded as bordering on the arrogant and is perceived with considerable scepticism in Australia. This is particularly the case when the EU is itself dealing with a number of apparently insuperable crises, ranging from the Euro crisis to the refugee challenge.

There is considerable sharing of values, and the EU and Australia are increasingly becoming what can be termed 'values partners', with ideational commonality. Over the last decade, there has been increased emphasis on the idea of the commonalities that draw the two together from ministers and officials of the Australian government, the EEAS, and European Commission. The joint statement of HRVP Mogherini and Foreign Minister Bishop in April 2015 referred to sharing "the same values in respect of democracy, human rights and a rules based international system".¹⁵

There is a regional context to Non-Traditional Security (NTS) cooperation of the EU and Australia in the Asia Pacific and in parts of Africa too. There is increased potential to work together on NTS issues such as food security, climate change and humanitarian assistance. A new agreement on civilian crisis management was signed in Brussels in April 2015.¹⁶ On counterterrorism there is meeting of minds and sharing of experiences, particularly since the first EU–Australian Counter Terrorism Dialogue in Brussels in November 2014. There is also regular discussion on refugee issues among senior officials.

A final contributing element to the *Global Strategy* is the consolidation of traditional security cooperation that already has been established in police cooperation. This includes the Europol agreement and the Jakarta Centre for Law Enforcement Cooperation, a joint Australia–Indonesian initiative to enhance the expertise of South

East Asian law enforcement agencies in combating terrorism and transnational crime, supported by funding from the European Commission and individual member states. The Australia–Europol agreement facilitates the exchange of strategic and operational information since September 2007. The security agenda currently features counterterrorism, the management of other international security issues, irregular people movements and migration issues.

Australian engagement in Asia Pacific regionalism continues to be constrained by its position in relation to the region's great powers – the US and China. Then Prime Minister Gillard presented Australia's future as being based on space 'for a rising China' and a 'robust alliance between Australia and the United States'.¹⁷

Security dialogue between the EU and Australia is increasing across a range of bilateral, regional and multilateral domains. One important aspect that will be developed in the *Global Strategy* is the scope for the alignment of views on international challenges relating to Russia, Ukraine and the Middle East, including sanctions and measures to counter terrorism. There is collaboration on election observation and monitoring including in Fiji and Myanmar.¹⁸

There is scope to enhance the agreement on the Security of Classified Information of 13 January 2010, providing for the exchange of classified information, to "strengthen bilateral and multilateral dialogue and cooperation in support of shared foreign security policy and security interests" (EU/Australia, 2010),¹⁹ especially given the significance of the Framework Agreement and the broader remit of the *Global Strategy*.

RECOMMENDATIONS AND REFLECTIONS

The Framework Agreement will strengthen the all-of-government engagement by Australia with the EU and its institutions. It will provide the EU with a firm collaborator with similar interests and values in the Asia Pacific.

In many ways the strengthening of the relationship to this point is the result of significant drivers of the relationship in recent years – including key officials and individual political leaders. This is a significant step for both Australia and the EU. The High Representative may well wish to further enhance her individual relationships with Australian government leaders and ministers.

The FA will certainly reinforce key shared values. It serves to demonstrate Australia's and the EU's strong commitment to bilateral and international cooperation; and provide a treaty-level institutional framework as a platform to undertake joint activities on a broad range of issues.²⁰

The challenge remains to develop this into a more strategic relationship with Australia where the *Global Strategy* perceives Australia as a partner with similar values. Indeed, outside of Europe, there are few states that share the EU's commitment to multilateralism and international law and core values such as human rights. Australia is thus significant for the EU's global agenda in advancing these values.

At the same time the *Global Strategy* needs to recognise that the Australian view of the EU remains more pragmatic than ideational, more material than ideological. The perception of the EU as an economic actor, but not a key player in the region will need to be closely examined in the development of the *Global Strategy*. For example, there is no evidence that Australia supports the EU request to join the EAS. Australia will continue to carefully consider whether to support the EU on this issue. There is little evidence of the government considering this as constituting an advantage for the Asia Pacific or for Australia.

The *Global Strategy* could focus on consolidating the following strengths of the EU-Australian relationship and tackling the following challenges.

The first factor is the consolidation of the FA and recent agreements and top-level discussions, including on counter-terrorism and crisis management cooperation. This consolidation will form the bedrock and lynchpin of the relationship in the future, encompassing Presidents of EU institutions, the HRVP, the Australian Prime Minister and members of the Australian government. Senior officials' dialogue tends to be cordial and frank and is to be further encouraged across all policy areas.

Secondly, the EEAS will need to closely monitor the FTA negotiations and seek to influence them regarding possible opposition among some politicians and the media to conditionality and political dimensions. The legacy of the failure to conclude negotiations of the FA in 1996-7 remains a potential sensitive area.²¹ The November 2015 declaration of Prime Minister Turnbull and the Commission and European Council Presidents stated:

*"We believe that a FTA will support sustainable growth and investment, open up new commercial opportunities and promote innovation and employment in Australia and the EU. We will aim to achieve a comprehensive and balanced outcome that liberalises trade, promotes productive investment flows and enhances the regulatory environment for business."*²²

The differences between the EU and Australia regarding multifunctionality and neoliberal regimes, environmental protection and 'Geographical Indications' remain a challenge, although these are increasingly confined to a World Trade Organization (WTO) context.²³

For example, a senior Australian trade diplomat informed the European Parliament committee responsible for trade in December 2015 that "we have had different perspectives and approaches in this area", and noted that "a bilateral FTA needs to set the conditions for open, fair and equitable trade in food and agriculture products, reflecting our respective comparative advantage".²⁴

“The lack of Australian support – and even opposition to – EU membership of the EAS suggests that a recalibration of the relationship with Australia may well be required.”

“The double-hatted nature of Mogherini’s role will be an advantage.”

He further commented that “it is to some extent inevitable that both sides in a future Australia-EU negotiation will be confronted with difficult issues that touch on areas of sensitivity and are opposed by stakeholder groups”.²⁵

The tone of debate may well remain constructive, with the FTA presenting a means to exploit fresh opportunities to provide increased market access for goods and services and multilateral cooperation. It will also see the EU, the most important global regulatory actor in trade, work with Australia on remaining barriers. Yet persistent concerns - and memories such as near-exclusion from EU markets - may well be raised by Australian primary producers in their efforts to seek increased market access for beef and lamb.²⁶ Unlike New Zealand, Australia has had very limited access since the 1970s.²⁷

Thirdly, there will be a more strategic engagement than in the past.²⁸ However, when it comes to security in the Asia Pacific, the lack of Australian support - and even opposition to - EU membership of the EAS suggests that a recalibration of the relationship with Australia may well be required.

Within the Asia Pacific context, Australia regards itself as already firmly embedded within the region, despite a perception of some of Australia’s regional partners that this is not the case; with Australia being perceived as an awkward partner with a close alliance with the US and differing material and ideational interests.²⁹ Yet, the EU is an even more awkward interlocutor of the Asia Pacific region, with its own close relationship with the US consolidated by the Clinton-Ashton Declaration of 2012, and the perception that it lacks hard power in a region where it is so important.

The Mogherini Shangri La speech attempted to illustrate both hard security and NTS credentials of the EU in the Asia Pacific region, but acceptance of this premise by Asia Pacific states

including Australia is not yet to be assumed. More evidence over time will be required to convince them of the EU security pivot to Asia. This would also require more EU presence in the region, with regular high-level visits and a stronger and deeper diplomatic footprint.

In terms of institutional engagement, the double-hatted nature of Mogherini’s role will be an advantage as the FA is followed by the FTA, with the need for the EEAS, Commission and EP to work together on the FTA. The fact that the EEAS’s small diplomatic machinery must rely on the larger Commission’s resources means that the all-of-EU approach at the institutional level should ensure smoother relations and clear communication with Australian interlocutors. This enhanced coherence could yield benefits to the EU in speaking with a clear narrative of being more entrenched in the region.

The FTA is currently the subject of a scoping study. In many ways the timing is propitious with the FA having prepared the ground for mutual understanding, based on the experience of extensive negotiation over more than two years. Such socialisation will lay excellent groundwork for the FTA negotiations. It could even be regarded as a springboard to deeper cooperation across government departments and EU institutions.

It is likely that the FTA will encompass goods’ market access (tariffs and quotas), biosecurity and food safety issues, regulatory issues, customs procedures, cross-border trade in services, investment (including investor-state dispute settlements), government procurement, intellectual property (including geographical indications), movement of persons, competition policy and sustainable development.³⁰ This will be consolidated by a EU-Australia leadership forum commencing in 2016.

Furthermore, events outside of the EU and Australia have an impact on their bilateral relationship and need to be factored in. There are multilateral issues including the Paris agreement on climate change. There are plurilateral agreements such as the Trans Pacific Partnership and regional bodies such as the EAS and ASEAN Regional Forum (ARF). A close relationship with Australia could well be invaluable to the EU in seeking to forge closer relations with states of the Asia Pacific.

Finally, there are different histories and narratives, yet there is a common interest in problems and the need for regional as well as global stability. Neither interlocutor is a major focus for the other, yet each will work with the other.

HRVP Mogherini's commitment to be more active in the Asia Pacific, including the ARF and the Shangri La, have not gone unnoticed in the Asia Pacific, signalling the beginning of a more fruitful approach from the EU. However, the reception of the Communication in May 2015 relating to EU-ASEAN relations suggests that a listening ear is as important as funding and statements from the EU.

FUTURE DRIVERS AND IMPEDIMENTS IN THE RELATIONSHIP

The main drivers of a fruitful bilateral relationship are trust and mutual respect, often absent in heated exchange over some decades. The relationship of trust between then Commission President Jacques Delors and Australian Prime Minister Paul Keating, the developing cordial respect between current Foreign Minister Julie Bishop and HRVP Federica Mogherini and among diplomats posted in Brussels and Canberra, all form the glue of a substantial relationship. Personal leadership also determines the future of longstanding habits of cooperation. Joint leadership, for example in multilateral forums or in ASEM, is also a potential enabler of deeper engagement.

Key drivers include shared core values, a combined policy agenda, and in the case of the Ukraine, Russia, China, the US and the Asia Pacific, a shared understanding of power dynamics.

A driver of Australia's relationship with the EU is recognition that it operates as a regional body that encompasses 28 member states, all of which have surrendered a measure of sovereignty in decision-making. These states make policy in concert with each other, constantly consulting, both in Brussels and

bilaterally. A driver of sustained and fruitful engagement is the development of links and social relations with officials in state capitals and in EU institutions. The more coordinated the Australian diplomatic teams are across Europe, the more they are successful in advancing and promoting national interests. Regular EEAS meetings with these diplomats are encouraged.

The main impediments in the relationship have been a mutual lack of interest and lack of trust, compounded over time. The dominance of some memories facilitated a context for mutual misunderstanding and animosities to develop. Efforts at regular exchange must therefore be deepened.

CONCLUSION

The EU will face a challenge of being responsive to unanticipated events and to tackle the unintended consequences of its actions and pronouncements. Internally, the '*Global Strategy*' will need to satisfy EU member states and institutions and illustrate that the EU is a key international actor to its own citizens. It needs to deal with, firstly, the expectations, and secondly, the reluctance to accept that the EU is an actor that can achieve the implementation of a *Global Strategy*. It is dealing with two audiences – domestic and international³¹ – and so it has to have a message of clarity and strength that is appropriate to its own tools and resources.

At the same time, it cannot undermine the expectations of those, within the EU and in close relationships with it, that the EU can be a comprehensive actor in foreign affairs, ranging from strategic partnerships to regional agreements, to multilateralism and value promotion. Not all of these appeal to all member states, nor to all interlocutors, and for this reason the Asia approach in the *Global Strategy* will no doubt come under some criticism regardless of its content and intent. It is almost trite to comment that the international challenges for the EU are more complex than ever before. This new *Strategy* will require deft promotion by the skilled diplomats in the EEAS and beyond. It will also require friends – and for now, Australia can be counted among them, even if as a critical friend with its own national and regional interests. The EU's web of agreements and pacts will serve it well, yet at the same time it cannot be assured a seat at all of the top tables of international diplomacy and strategy. ■

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Developing Regional Capacities in Northeast Asia and Making Strategic Partnerships Effective: A Strategic Approach for the EU towards Japan, Korea¹ and Taiwan²

May-Britt U Stumbaum

Asia Pacific is now the most important trading region for the European Union (EU) by far, including three of the EU's ten global Strategic Partner countries in Northeast Asia alone: Korea, Japan and China.

Despite Northeast Asia's economic importance for the European Union, the geographical distance and restricted military capabilities limit the EU's avenues for influence and tools for foreign policy towards the region. Yet, given the challenges that plague the area – from unresolved historical hostilities between Korea, Japan and the People's Republic of China (PRC), the continuous separation of Korea into the Democratic People's Republic of Korea (DPRK) and the Republic of Korea or North and South Korea, destabilising disasters, territorial disputes over islands and ongoing border conflicts on land – the European Union and its Member States have a rich portfolio of expertise and experiences to exchange with their partners in Northeast Asia.

In particular, the EU's holistic approach to crisis management and its concept of 'comprehensive security'³ provides a set of pre- and post-conflict mechanisms that could be useful for a region that is prone to conflict but lacks an overarching security architecture like the one built up in Europe during the Cold War (NATO, EU, OSCE⁴). Both Franco-German reconciliation and Europe's unification with Germany could provide useful 'sources of inspiration' for the challenges the Asia Pacific region and the EU's Northeast Asian Strategic Partners Japan, Korea and China face.

However, the EU's ideas, speeches and initiatives have often been perceived as lecturing, over-promising and under-delivering in the region. Moreover, Korea and

Japan are both highly developed countries that strive for cooperation among equals; amidst Japan's own disaster relief initiative in the region, e.g. chairing the 2015 UN World Conference on Disaster Risk Reduction (WCDRR) in Sendai, the EU's traditional outreach through development policy seems ill-suited.

In order to make its Asia Strategy successful, the EU needs to develop genuinely Strategic Partnerships with these capable and driven actors. Cooperation needs to be built on a basis of perceived knowledge and sincere interest of the European side into the region. Regular high level participation in international fora in the Asia Pacific, the widening of the EU's focus beyond China by acknowledging Japan and Korea as

“ The EU's policy has been characterised by a strong focus on China, making the EU prone to potential divide and rule tactics by China. ”

genuinely strategic partners and the striving for tangible outcomes of concrete joint initiatives to address common global challenges are necessary before these countries will be receptive of any 'European inspirations' the EU might want to share.

Setting the scene in which the EU is aiming to position itself, the following chapter starts by briefly outlining the changing dynamics in which the EU is defining its strategic interests, sketches then the EU's interest and cooperation with its major partners to date and concludes with conditions and recommendations for an effective EU strategic approach to Northeast Asia.

NORTHEAST ASIA: POWDER KEGS AND PLAYERS

East Asia contains some of the world's most important trade routes (and choke points) with the Malacca Strait and represents the largest trading region for the EU in 2015⁵. From a European point of view, key interests in Asia Pacific are maintaining regional stability, keeping the Sea Lanes of Communication (SLOC) open and cooperation with Asian powers on a range of global challenges.

The EU Council's list includes: preserving peace, strengthening international security in accordance with UN principles, promoting a rule based international system, regional integration (first and foremost through ASEAN), democracy, the rule of law, respect for human rights and fundamental freedoms. It also emphasises the desire for cooperative and sustainable policies with its partners in order to tackle global challenges ranging from climate change to non-proliferation.⁶

Multi-ethnic and multi-religious societies, uneven development and distribution of wealth, unresolved border issues and territorial claims at sea provide ongoing sources for instability. North Korea, with its on-going nuclear programme and opaque totalitarian regime, adds to the group of powder kegs. The country keeps its neighbours alert with continued advanced weapons testing – the DPRK government claimed to have tested its first hydrogen bomb in January 2016 and tested a long-range missile shortly after.

Tensions across the Taiwan Strait⁷ heightened with the pro-independence power DPP⁸ winning a majority in the Executive Yuan as well as the presidency in January 2016.

Repeated clashes between Chinese and Japanese coast guards in the East China Sea over the Senkaku/Diaoyu Islands as well as clashes over other disputed islands and fishery grounds between China, the Philippines, Vietnam, and even Taiwan – that claims about the same territories that the PRC, but refers to an eleven-dash instead of a nine-dash line –, have significantly increased. Since the incident between the Chinese navy and the USS Impeccable in 2009, tensions have steadily intensified with China actively pursuing land reclamation on the Spratly islands in the South China Sea (SCS). The clashes illustrate the growing tension between an ever stronger China and reacting, whether accommodating or confronting, neighbours in the region. Overall military spending in the Asia Pacific region mirrors this trend, increasing by 5 per cent in 2014 and by 62 per cent between 2005 and 2014, reaching €361 billion in 2014.⁹ Moreover, the region assembles four nuclear powers (China, India, Pakistan and North Korea) at closest proximity possible.

Arguments over land-claiming and repeated clashes between China and the claimant states as well as China and the US, who started in October 2015 regular "Freedom of Navigation" operations (FONOPs)¹⁰ in the area, have brought the disputed territorial claims back into the spotlight, also shedding light on the still unresolved left-overs from the pre-Cold War times.

Historical memories of Japan's atrocities committed before and during World War II are still dominant today in the national memories of South Korea and China. Japan Prime Minister Abe's speech on occasion of the 70th anniversary of the end of World War II in the Pacific on 15 August 1945, stopping short of renewing apologies extended by his

Peaceful German and European unification as major achievements provide useful 'sources of inspiration' for the challenges Asia Pacific and the EU's Northeast Asian partners.

predecessors and underlining that he does not want future generations to be “predestined to apologize”¹¹ for the war, illustrate the complicated relationship Korea, China and Japan still have today.

Tensions in the region over territorial control, access to resources and maritime routes are spurred by dynamics of a region that used to be determined by a hub-and-spoke-system’s based *Pax Americana* and non-binding security architecture of multilateral ASEAN summitry – and that now has to accommodate to a nascent world power in China. Old rivalries persist between China and Japan, and there is also ongoing distrust between the USA as the established super power and China as the major regional power. US allies and other smaller countries find themselves caught in a web of economic interdependencies with China and security needs secured by the US.

The United States has focussed additional attention and assets on its bilateral relationships with Japan, Korea and others. Under the leadership of the Secretary of State Clinton and EU High Representative Ashton, the Clinton-Ashton *Joint EU-US statement on the Asia-Pacific region* from 2012 pledged closer cooperation on East Asian affairs – yet with little follow up. Amidst the EU’s substantial trade interests in the region, the potential of escalating tensions without a solidly institutionalised dispute-resolving process causes concern among European decision-makers.

A key tool for EU foreign policy is to work with its strategic partner countries: The three EU Strategic partners in Northeast Asia (Korea, Japan and China) play a major role in a potential escalation as well as in any possible solutions to ease tension in East Asia. Military expenditure of these three countries alone made up 16.7 per cent of global spending in 2014 (China: 12 per cent, Japan: 2.6 per cent, Korea 2.1 per cent)¹² with Asia Pacific representing 30.8 per cent of total global spending in 2014.

CAPACITY BUILDING IN NORTHEAST ASIA

Addressing rising tensions and a rising China, Northeast Asia has seen an unprecedented number of new overtures between Korea, Japan and China, with ASEAN and first and foremost with the United States in recent times. As a result a plethora of new summit formats has evolved over the past five years, with the EU so far mostly missing out on joining the dynamism; the

following shortly summarises ongoing developments to sketch the scene in which EU initiatives are and will be operating:

Made official with the US ‘pivot to Asia’, later relabelled as ‘rebalancing to Asia’, the United States have intensified their attention and initiatives in the Asia Pacific region, reinvigorating strategic alliances with Japan, Korea and the Philippines as well as reaching out to Vietnam, Myanmar and ASEAN on a multilateral level. The most visible initiatives are the regular military exercises with US allies and other countries in Asian waters, bilaterally as well as multilaterally (e.g. RIMPAC¹³), often conceptualised as Human Assistance/Disaster Relief (HADR) operations. The US is also conducting seminars on HADR with China such as the 11th US-China humanitarian assistance & disaster relief seminar conducted on 15 November, 2015 in Seattle.¹⁴

Also the US’ prime allies in the region have become more active, changing the regional position and posture of the EU’s strategic partners: Japan’s Prime Minister Abe has embarked on a foreign policy offensive, reaching out to Australia (including an ongoing bid to sell submarines to Australia, a first in Japan history) and India as well as European states. Abe has also offered new assistance and cooperation with smaller Southeast Asian states including Myanmar and ASEAN as such. At the 2015 Shangri-la East Asian security conference in Singapore, Japanese Defence Minister Gen Nakatani proposed a “Shangri-La Dialogue Initiative” (SDI) to work on confidence building measures, maritime issues and disaster management together. Concurrently, Japan has changed its interpretation of its self-defence only constitution (Art. 9) to be able to pro-actively assist “friendly nations” in the future.¹⁵ It has also indicated a willingness to export weapons in the future, e.g. to the Philippines.

China, Korea and Japan have been very actively engaged in the plethora of new formats that ASEAN has been driving, including the ASEAN+3¹⁶, the ASEAN Defence Ministers’ Meeting with Asia-Pacific partner countries (ADMM+) and the newly established ASEAN-China Informal Defence Ministers’ Meeting (ACIDMM) back-to-back with the China-led Xiangshan Forum¹⁷. Also Japan and the United States hold bilateral meetings with ASEAN.

EUROPEAN EFFORTS IN ASIA PACIFIC AND WITH ITS NORTHEAST ASIAN PARTNERS

Emphasising the region's great economic potential and potency for European trade and business and its importance for the EU's overall global agenda, the EU's official policy goal is to promote multilateral solutions in cooperation with regional actors. The Council underlines the necessity to intensify the EU's exchanges with the region's key players: its Northeast Asian Strategic Partners China, Japan, Korea, its core ally the United States and with other important actors in the area such as Russia, India, Australia, New Zealand and ASEAN.

The EU aims to contribute to regional security by promoting good cooperative relations among regional actors, Confidence Building Measures (CBM) and the encouragement of peaceful solutions, transparency in military related fields (i.e. military expenditure) and to share lessons drawn from experience in post-war reconciliation, from post-World War II to Kosovo.¹⁸

So far, the EU's policy has been characterised by a strong focus on China, making the EU prone to potential divide and rule tactics by China, a relatively recent growing interest in tangible cooperation with ASEAN and a still underwhelming involvement with its other two Northeast Asian strategic partner countries Korea and Japan, although 2015 showed some more promising action.

At the aforementioned 2015 Shangri-La Dialogue in Singapore, one of the Asia Pacific region's most prominent security conferences, the EU's High Representative for Foreign and Security Affairs Federica Mogherini emphasised the ambition of the European Union to go beyond economic issues in its engagement with the region to underline the strategic importance of the region for Europe: The EU would like to strengthen its security contribution beyond safeguarding maritime trade routes in the South and East China Seas "on the arteries of the global economy"¹⁹. She put a strong focus on the cooperation with ASEAN and the four Strategic Partners in Asia, i.e. India, China, Japan and South Korea, and cooperation in the non-traditional security field.

The EU has been investing increasingly in working on non-traditional security challenges by offering to share lessons learned, know-how and best practices with ASEAN²⁰ and China.²¹ Recent research has shown that the EU can contribute to security and stability in the region by offering and promoting templates and best practices ranging from export controls to peacekeeping missions and disaster management.²²

Indeed, the nature of the challenges that plague the area, the unresolved historical hostilities between Korea, Japan and China, the continuous separation of Korea, destabilising disasters and on-going border conflicts, sound all too familiar to Europeans. The European Union and its Member States have a rich portfolio of expertise to share. The EU has developed a holistic approach to crisis management and translated "comprehensive security" into working on all levels of pre- and post-conflict mechanisms.²⁴ Furthermore, the European experience of overcoming hostility among its own Member States with the Franco-German reconciliation at its core, a

“Korea is the first partner country that has signed agreements in all three key areas of political, trade and security cooperation enabling the ROK to participate in EU peacekeeping missions.”

peaceful German and European unification as major achievements provide useful 'sources of inspiration'²⁵ for the challenges Asia Pacific and the EU's Northeast Asian partners.

However, the EU's ideas, initiatives and speeches meet an image of the EU portrayed as lecturing, over-promising and under-delivering in the region with a history of displaying a lack of genuine interest in and expertise on the region. As outlined above, also the EU's core tool of development aid seems inadequate to cooperate with highly developed partner countries Korea and Japan. The following section briefly outlines the EU's cooperation with its major partners to explore the scope for a EU strategic approach to Northeast Asia.

Japan is the EU's oldest strategic partner country in the region, yet the relationship has been characterised for long by mutual benign neglect. The world's third biggest economic power with the most advanced sizable military among Asian countries, Japan is the EU's second biggest trading partner in the region, just after China, and a major investor in the EU. The relationship is underpinned by a foray of bilateral agreements on business related issues and an annual summit. 2015 however saw new momentum and commitment put into the relationship from both sides, with the EU aiming at filling the strategic partnership with strategic content.

The EU and Japan are in the midst of negotiating a Free Trade agreement (since 2013, the first agreement of this kind for Japan ever) as well as discussing joint efforts on foreign and security policy issues; preceding the Shangri-La Dialogue, EU President Tusk and Commission President Juncker met Abe in Tokyo to discuss their common work on crisis management in Niger, Mali and Congo as well as in anti-piracy activities in the gulf of Aden and beyond. They exchanged views on the worsening security situation in the South China Sea, Syria, Palestine/Israel, Yemen, Libya and Ukraine and on the Joint Comprehensive Plan of Action on Iranian Nuclear issues.²⁶

On the Member States level, a more targeted and output-oriented dialogue has also been spreading, with Japan entertaining strategic dialogues with EU Member States such as Great Britain, France and Germany. For example, signing a defence cooperation agreement with Germany built on the framework of Japan opening up its defence industry for exports and international cooperation for the first time ever.²⁷

Also the relationship with the Republic of **Korea** (ROK) is experiencing an infusion of new energy with the EU striving to fill strategic content into the strategic shell of the partnership.

Korea is the newest of the EU's Strategic Partners, since 2010, and the 8th largest trading partner for the EU - with the EU being the 4th largest trade destination for Korea worldwide. Korea is also the first partner country that has signed agreements in all three key areas of political, trade and security cooperation (Framework Agreement, Free Trade Agreement, Framework Participation Agreement) enabling the ROK to participate in EU peacekeeping missions.

Since 2009, EU-ROK summits take place as stand-alone events after they used to happen on the side-lines of ASEM summits. The latest EU-ROK summit on 15 September 2015 in Seoul covered concrete security policy goals such as the ROK's intention to join the EU's counter-piracy efforts off the coast of Somalia and the EU's support for the ROK's Northeast Asia Peace and Cooperation Initiative (NAPCI), with both sides emphasising the central position for multilateral approaches (ASEM, UN, G20, COP21) and the view that enhanced cooperation and exchanges between countries was seen as a prerequisite to build trust and security in Northeast Asia as well as in Eastern Europe.²⁸

China is covered extensively in other chapters in this compilation and will therefore only be mentioned briefly with a focus on the EU's stance on Taiwan. The EU relationship with the PRC is the most comprehensive with over 60 sectoral dialogues, summits and more than 100 EU officials involved with China on a daily basis.²⁹

Striking is the lack of strategic discussion within the EU on **Taiwan**, given that the Taiwan Strait is traditionally one of the core potential conflict zones in the area with eventual wide-ranging implications. The transatlantic dispute in 2005 about the EU's plans to lift the arms embargo against China³⁰ also shed light on the lack of a EU debate how the Europeans would react if there would be a conflict in East Asia over Taiwan; if China and the US clash over Taiwan, the Europeans will quickly be called upon – what will they do and where will they stand?

The EU follows the vaguely defined 'One China' policy stance with its 21st biggest trading partner and insists that relations are purely economically and business-focused. Nevertheless, the PRC felt prompted to remind the European Commission of its One China policy³¹ amid intentions to take up negotiations on a mutual

“Its Asian partners have a neutral to positive view on the EU as a likely and desirable actor in global affairs.”

investment agreement as outlined on 14 October 2015 by the European Commission.³² At the same time, the PRC has reached out to Taiwan amidst the expectation of the China-leaning KMT party losing the next Presidential elections in 2016 to the pro-independence DPP Party³³ with a historical meeting of PRC President Xi and Taiwan's President Ma on 7 November 2015 in Singapore.³⁴

But not only China is reaching out – Japan has been active in nurturing the relationship with its former colony where a substantial part of the population still holds positive views of the former colonisers. Despite territorial disputes, Japan and Taiwan reached a fishery resource management agreement on April 10, 2013.³⁵ The United States, Taiwan's core ally, has not included Taiwan officially in the language on the US's rebalancing to Asia, but cooperation has been strong and wide-ranging, accelerating in the area of non-traditional security challenges with the US enabling Taiwan to participate with its expertise and resources on international efforts in fighting the Ebola outbreak in Western Africa in 2014/2015.³⁶

Non-traditional challenges are one of the rationales why the EU should think about extending their involvement with Taiwan beyond trade. Being cut off from international collaboration on a government-to-government level while being affected by major natural catastrophes including regularly recurring earthquakes and typhoons, Taiwan has set up a state-of-the-art disaster management system that integrates academia

and practitioners in a decentralised response system.

Given the EU's overture to engage more and more with ASEAN states and China on disaster management, cooperation with Taiwan would provide the EU with an insight into a system tailored to conditions in Asia with a partner that understands the region and particularly China; in return the EU could, as the US is already, enable international cooperation for Taiwan on disaster management.

With the area being target of more than half of all of the world's annual natural disasters, cooperation with Taiwan could assist in adding a local fit to the EU's shared expertise and hence make European contributions to peace and security in the region useful. Moreover, Taiwan experts are often knowledgeable about regional characteristics as well as European conditions. Many experts have been educated and worked in EU member states.

Cooperation at the level of disaster management experts can also contribute to enhance the EU's understanding about regional and local features including the Taiwan Strait. If Chinese-Taiwanese relations flare up following the landslide victory of the pro-independence DPP in Taiwan, the EU and EU Member States will be asked where they stand by all of their key strategic allies in Asia, including China and the US. Getting a better understanding of the situation by working on common challenges will help the EU to prepare.

WHAT CAN THE EUROPEAN UNION DO?

EU policy towards Northeast Asia is still plagued by what Michael Yahuda had already identified in the 1990s for the EU-China relationship as the “tyranny of distance and primacy of trade”³⁷. Any policy towards Northeast Asia has to overcome challenges on both sides – the lack of continuity of high level involvement of Europeans in the region, the still deficient expertise on Northeast Asia within Europe to inform policy-making and finally the scarcity of human and financial resources, particularly given the crises that are happening in Europe and its near neighbourhood (Syria, Ukraine, conflicts in African countries, triggered migration flows, terrorism...).

Nevertheless, the EU’s starting position is not disadvantageous: its Asian partners have a neutral to positive view on the EU as a likely and desirable actor in global affairs, as a recent study³⁸ on all ten EU Strategic Partner (SP) countries shows:

Question: How desirable is it that the European Union take a strong leadership role in world affairs?

Responses	Very desirable	Somewhat desirable	Neither/ nor	Somewhat undesirable	Very undesirable	n/a	Total (N)
(all 10 SP)	18,9%	34,9%	27,2%	7,1%	4,1%	7,8%	11621
USA	23,9%	28,8%	24,3%	4,0%	2,9%	16,2%	1007
Japan	5,9%	31,4%	37,9%	6,7%	2,8%	15,2%	1024
China	9,6%	46,1%	35,6%	5,0%	0,6%	3,0%	1410
S. Korea	9,8%	38,8%	37,5%	6,3%	1,5%	6,1%	1238
India	29,5%	37,5%	23,0%	2,6%	1,7%	5,7%	1056

Question: How likely is it that the EU will take a strong leadership role in world affairs in 5 years ?

Responses	Very likely	Rather likely	Neither/ nor	Rather unlikely	Very unlikely	n/a	Total (N)
(all countries)	22,7%	36,7%	24,2%	6,2%	2,2%	8,0%	11621
USA	20,8%	29,4%	24,5%	4,6%	3,6%	17,2%	1007
Japan	8,4%	30,9%	35,3%	7,7%	3,4%	14,2%	1024
China	17,2%	50,8%	25,9%	3,1%	0,3%	2,6%	1410
S. Korea	12,7%	40,8%	34,8%	5,9%	0,7%	5,1%	1238
India	31,2%	37,8%	21,5%	3,1%	0,9%	5,6%	1056

Moreover, with China, Japan and also to some extent Korea becoming ever more active and looking for international support for their respective positions in regional and global affairs, the European Union and its Member States have become more attractive as partners. The focus of common initiatives should be tangible, concrete projects addressing global challenges and serving common interests where the EU can contribute know-how and resources effectively, and ensure a sustainable follow-up.

RECOMMENDATIONS

On the onset of a new Global Strategy for the European Union, the EU should:

■ Strengthen its Strategic Partnerships through regular high level visits and concrete joint initiatives

The EU suffers from a credibility problem in the Asia Pacific region of over-promising and under-delivering to date, although expectations to the future role of the EU are more positive and promising. Memories of the EU sending only low-level officials to ASEM and other regional and bilateral meetings still prevail and the EU's partners wonder how sustainable, sincere and long-term the EU's dedication in the region is, particularly given the EU's severe problems "at home". Yet, albeit cautiously, new EU initiatives are welcomed. Japan and Korea present two Strategic Partner countries that will remain capable actors in the region. The new momentum as expressed in the 2015 bilateral summits and HR/VP Mogherini's appearance at the East Asian security conference "Shangri-La Dialogue" and Mogherini's coordination with German Minister of Defence von der Leyen³⁹ provide a good direction and need now to be underpinned by concrete actions and joint projects. Focus of these projects should be topic- and not regional-focused, that is, the EU should look at issues that are of common crucial interests such as coping with natural disasters, the impact of climate change and other non-traditional challenges, and building up institutional processes for conflict prevention and pursue them for tangible achievements. In terms of high level appearances, striving to convince EU Member States to also carry along EU messages on their visits (which might particularly work with smaller EU Member States and to some extent with Germany and France) will help to keep visibility and therefore proof for the EU's sincere dedication to the area alive.

■ Strive for more informed policymaking and a better strategic understanding of the Partners and their regional interplay through regular 1.5 track dialogues

Compared to the United States and other actors in the region, the European Union still has some way to go to acquire a comparable level of expertise informing European policymaking. In order to achieve better overall expertise that captures strategic developments in the region, the European Union should draw more on the expertise of its Member States (e.g. the traditional strong links between Central and Eastern European countries and China) and promote the build-up of expertise among European and Member States based think tanks. Regular Track 1.5 dialogues among policy-makers and European Asia experts will contribute to a better understanding of currents and trends in Northeast Asia and lead to better informed cooperation with the Asian Partner countries.

■ Work towards a better coordination with the United States on concrete policies in Asia respectively with Asian partners

The United States is one of the core actors in Asia Pacific and the most important strategic partner for the European Union. Despite the Clinton-Ashton declaration of 2012, US officials primarily involve their Asian partners on Asian matters and exchange between the EU and the US is still limited. Understanding of each other's approach is still deficient. In order to work for better coordination and to identify strategic initiatives where the US and the EU with its Member States can achieve a better outcome by cooperating better, the EU should work with its Member States on potential initiatives and focus on areas where the US and the EU could effectively work together. An example can be the promotion of international initiatives concerning the application of the UN Convention of the Law of the Sea (UNCLOS)⁴⁰.

The EU has a major interest in keeping maritime trading routes (SLOC) open and resolving the simmering territorial conflicts in the South and East China Seas peacefully. EU and the US efforts could complement each other here as the US is currently conducting FON operations (FONOPs) to enforce freedom of navigation (FON), while the Europeans, unlike the US, have actually ratified UNCLOS, thereby adding additional legitimacy to the enforcement of UNCLOS in Asia Pacific maritime routes.

NOTES

- 1 Korea refers to the Republic of Korea (KOR), also referred to as South Korea.
- 2 China refers to the People's Republic of China (PRC), while Taiwan refers to the Republic of China (ROC).
- 3 'Comprehensive Security' merges traditional and non-traditional security challenges in one paradigm, encompassing beyond military security also threats related to economic, environmental and social security.
- 4 The Organisation for Security and Cooperation in Europe – OSCE.
- 5 European Commission, 'Association of South East Asian Nations (ASEAN)', last update 27 October 2015, accessed 22 March 2016, <http://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/>.
- 6 Council of the European Union, 'Guidelines on the EU's Foreign and Security Policy in East Asia', Brussels, accessed 22 March 2016, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/misc/97842.pdf.
- 7 Both sides, the PRC and Taiwan, claim to represent 'One China'; independence movements in Taiwan aim at establishing Taiwan as a country independent from the mainland; these initiatives are met with robust military threats from the PRC against any forms of secession,
- 8 The Democratic Progressive Party (DPP).
- 9 All figures from SIPRI, 'Trends in World Military Expenditure, 2014', *SIPRI Fact Sheet*, April 2015, <http://books.sipri.org/files/FS/SIPRIFS1504.pdf>.
- 10 FON has sparked further controversies - the Chinese side sees FON as an act to limit Chinese ability to manoeuvre in the area, see H. Bo, 'The Hypocrisy of US Freedom of Navigation Operations in the South China Sea', *The Diplomat*, 17 November 2015, <http://thediplomat.com/2015/11/the-hypocrisy-of-us-freedom-of-navigation-operations-in-the-south-china-sea/>; for an alternative view, see A. Panda, 'Setting the Record Straight on US Freedom of Navigation Operations in the South China Sea', 11 November 2015, <http://thediplomat.com/2015/11/setting-the-record-straight-on-us-freedom-of-navigation-operations-in-the-south-china-sea/>.
- 11 See NPR, 'Japan's Abe Notes Regret And Past Apologies In WWII Speech', 14 August 2015, <http://www.npr.org/sections/thetwo-way/2015/08/14/432205333/japan-s-abe-notes-regret-and-past-apologies-in-wwii-speech>.
- 12 Taiwan defence spending is interesting in terms of proportion, albeit negligible in total amounts: in 2014, the ROC spent \$10.25 billion, equalling 16.24% of the general budget of the ROC central government. China, Korea and Japan's shares of their GDP represented 2,1%, 2,6% and 1,0% of their respective GDPs, according to the World Bank (see World Bank, 'Military expenditure (% of GDP)', accessed 22 March 2016, <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS>).
- 13 RIMPAC, the Rim of the Pacific Exercise, is the world's largest, biannually held international maritime warfare exercise led by the US and involving up to 22 nations.
- 14 Z. Tao, 'China, U.S. hold 11th humanitarian assistance & disaster relief seminar', *China Military Online*, 17 November 2015, http://english.chinamil.com.cn/news-channels/china-military-news/2015-11/17/content_6773478.htm.
- 15 J. Yellen, 'Japan's security policy shift: 'A blow to ties with East Asia'', *Deutsche Welle*, 1 July 2014, <http://www.dw.com/en/japans-security-policy-shift-a-blow-to-ties-with-east-asia/a-17748656>.
- 16 ASEAN+3 meetings encompass China, South Korea and Japan (since 1997). ADMM+ meetings are meetings of the ASEAN Defence Ministers with their counterparts from Australia, New Zealand, China, the Republic of Korea, Japan, India, the US and Russia (since 2010).
- 17 The Xiangshan Forum focuses on security in the region and was initially set up in 2014 as an attempt to create a China-based Shangri-La Forum for 'Asians for Asian security', i.e. without the United States. In 2015 Western countries were invited as well. See P. Parameswaran, 'China Reveals New Proposal to Boost Defense Ties With ASEAN', 17 October 2015, <http://thediplomat.com/2015/10/china-reveals-new-proposal-to-boost-defense-ties-with-asean/>.
- 18 *Ibid.*
- 19 F., Mogherini, 'Speech by HR/VP Federica Mogherini at the IISS Shangri-La Dialogue 2015' (Service, European External Action, 150531_02_en), 3 June 2015, http://eeas.europa.eu/statements-eeas/2015/150531_02_en.htm.
- 20 Council of the European Union, 'Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership (2013-2017)', no date, accessed 29 November 2015, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/129884.pdf.
- 21 See here also A. Pennisi di Floristella, 'Building the ASEAN Center for Humanitarian Assistance and Emergency Response: Is ASEAN Learning from the Experience of the European Civil Protection Mechanism?', *KFG Working Paper* 62, January 2015, http://www.polsoz.fu-berlin.de/en/v/transforeurope/publications/working_paper/wp/wp62/index.html.
- 22 For India and China, see the summarised results in the NFG Research Group's Final report (Stumbaum et al.) titled 'Does Europe Matter? The EU as a Security Actor in an Asian Century', *NFG Working Paper* No. 18, Berlin, 2015, http://www.asianperceptions.eu/system/files/private/NFG_final_report_151111.pdf.

- 23 On potential lessons to share and adapt, see A. Pennisi di Fioristella (2015), 'EU Security Interests in East Asia: Prospects for Comprehensive EU – Japan Cooperation beyond Trade and Economics', *NFG Policy Paper* No. 6 (2015), http://www.asianperceptions.eu/system/files/private/pp615-eu-japan-cooperation_0.pdf; and May-Britt U. Stumbaum, 'Responding to Change in Asia-Pacific: European Contributions to Secure Peace and Stability in Asia-Pacific?', *NFG Policy Paper* 1, June 2013 (<http://www.asianperceptions.eu/system/files/private/pp113-european-contribution-peace-stability-asiapacific.pdf>).
- 24 In an exchange we had in 2012, ASEAN former Secretary General Surin Pitsuwan called the European Union and the experience of European integration as a 'source of inspiration', instead of a 'model' in order to the perceived differences of conditions in Europe and Asia.
- 25 See European External Action Service, 'EU and Japan leaders meet to discuss joint efforts on peace, security and stability, 29 May 2015, http://eeas.europa.eu/top_stories/2015/290515_eu-japan_en.htm.
- 26 For an excellent discussion on current trends in EU-Japan relations, see M. Reiterer, EU Security Interests in East Asia: Prospects for comprehensive EU – Japan cooperation beyond trade and economics, *NFG Policy Paper* No. 6, February 2015, http://www.asianperceptions.eu/system/files/private/pp615-eu-japan-cooperation_0.pdf (accessed: 28 Nov 2015)
- 27 See the European External Action Service on the latest EU-ROK summit, http://eeas.europa.eu/top_stories/2015/180915_eu-republic_of_korea_summit_en.htm.
- 28 Find the EU's China summaries at; <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china>; http://eeas.europa.eu/china/index_en.htm and; http://eeas.europa.eu/delegations/china/eu_china/political_relations/index_en.htm (all links accessed on 28 November 2015).
- 29 For an in-depth discussion on the transatlantic rift, see May-Britt U. Stumbaum, *The European Union and China* (Nomos, 2009).
- 30 The One-China-policy entails that there is only one China despite two different governments based on different political systems claiming the country – the PRC and the ROC.
- 31 XinhuaNet, 'China urges EU to deal with Taiwan-related issues with prudence', 16 October 2015, http://news.xinhuanet.com/english/2015-10/16/c_134721604.htm.
- 32 On 10th January 2016, the DPP won the presidency as well as the majority in the Legislative Yuan.
- 33 S. Lee and B. Schreer, 'The Xi-Ma meeting signals a new era in China-Taiwan relations, EastAsiaForum, 13 November 2015, <http://www.eastasiaforum.org/2015/11/13/the-xi-ma-meeting-signals-a-new-era-in-china-taiwan-relations/>.
- 34 Office of the ROC President (Taiwan), 'Taiwan and Japan reach fisheries agreement, jointly forge lasting peace in East China Sea', 11 April 2013, <http://english.president.gov.tw/Default.aspx?tabid=1124&itemid=29667>.
- 35 Interviews conducted by the author with Taiwanese officials, May 2015.
- 36 For a good overview, see e.g. Y.E. Tso and D.A. McEntire, *Emergency Management in Taiwan: Learning from Past and Current Experiences*, 06 January 2015, available at https://www.researchgate.net/publication/265204373_Emergency_Management_in_Taiwan_Learning_from_Past_and_Current_Experiences (accessed: 05 April 2016)
- 37 M. Yahuda, 'China and Europe: The Significance of a Secondary Relationship', in T. W. Robinson and D. Shambaugh (Eds.) *Chinese Foreign Policy: Theory and Practice* (Oxford: Clarendon Press, 1995).
- 38 2015 Public Survey within all 10 Strategic Partner Countries as part of a Public Diplomacy Study for the EU undertaken by PPIM, NFG and NCRE. The survey was undertaken online with the exception of India (offline), with >1000 people per country in the age group from 16 – 64 years; the online tool preferred a bias towards urbanised citizens; published at http://ec.europa.eu/dgs/fpi/showcases/eu_perceptions_study_en.htm
- 39 *High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission*.
- 40 This was the first time Germany was present at the minister's level. Given Germany's strengthened role in EU affairs, the coordination between Mogherini and von der Leyen sent a positive sign of effective cooperation in order to achieve a more promising policy outcome.
- 41 The United Nations Convention on the Law of the Sea (UNCLOS), signed in 1982, is the international agreement that defines the rights and responsibilities of nations with respect to their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources. UNCLOS serves as the main point of reference in the disputing states' claims to the islands and attached Exclusive Economic Zones (EEZ) including fishing rights and other resources in the East and South China Sea.

China and EU Strategic Thinking on Asia: Towards a Strategic 'Slim Down'

Jan Gasper and Bertram Lang

Rather than providing a hierarchical set of strategic priorities, the existing EU policy documents dealing with China offer an erratic 'menu of choice' of more than 40 EU foreign and security policy goals. EU member states and institutions should therefore engage in an urgently needed strategic 'slim down' exercise, which ultimately puts three strategic priorities at the heart of EU policy towards China. These priorities include (1) the expansion of Europe's role and influence in the new international institutions China sponsors, (2) the negotiation of 'package deals' in relation to China's future role in the global trade and investment order, and (3) the strengthening of cooperation with Beijing in the fight against transnational terrorism.

THERE HAS BEEN NO LACK OF EU POLICY GOALS CONCERNING CHINA, BUT RATHER A LACK OF STRATEGIC PRIORITIES

Despite the absence of a high-level EU strategy concerning China, there has been no lack of strategic reference points for the Union in dealing with Beijing. Over the last 15 years, different EU institutional actors have produced as many as six strategic documents dealing with EU policy on Asia and China more specifically. Building on the European Commission's 2001 proposal on 'Europe and Asia: A Strategic Framework for Enhanced Partnerships' and its 2006 communication on 'EU – China: Closer partners, growing responsibilities', the 2007 Council 'Guidelines on the EU's Foreign and Security Policy in East Asia' and their 2012 update by the European External Action Service (EEAS) currently constitute the most comprehensive and authoritative sources for EU engagement with China. In addition, the 2003 'European Security Strategy' and its 2008 implementation report offer some general observations regarding the EU's relations with China in a global context.

Notably, as is captured in the table below, rather than providing a hierarchical set of strategic priorities, the existing EU policy documents dealing with China offer an erratic 'à la carte' menu of more than 40 EU foreign and security policy goals. As a result, they hardly serve as the 'strategic glue' EU member states and institutions require to pursue their interests in the most effective and efficient manner *vis-à-vis* a rapidly changing and more challenging China on the international plane. The Union and its member states to reconsider their common strategic priorities with a view to making them both realistic and attainable.

Key Points:

- EU member states and institutions should engage in an urgently needed 'slim down' exercise when it comes to reconsidering strategic priorities regarding China.
- The definition of EU strategic priorities regarding China should be guided by common EU member state interests, realism about EU limitations, attainability of resulting policy goals and tangibility of resulting policy initiatives.
- There should be three strategic priorities at the heart of EU policy towards China:
 1. The expansion of Europe's role and influence in the new international institutions China sponsors;
 2. The negotiation of 'package deals' in relation to China's future role in the global trade and investment order; and
 3. The strengthening of cooperation with Beijing in the fight against transnational terrorism.

Table 1. Synthesis of EU foreign and security policy goals concerning China laid down in existing high-level policy documents

POLICY DOMAIN	GLOBAL AFFAIRS	REGIONAL AFFAIRS	DOMESTIC AFFAIRS
ECONOMIC AND TRADE-RELATED GOALS	• Ensure Chinese compliance with WTO rules and principles^{1,2,4,5,6} • Counter (global and bilateral) economic and trade imbalances^{3,4,6} • Cooperate on climate change,^{1,4} renewable energy,^{3,4,5} energy efficiency^{3,4,5} • Ensure stable and transparent energy and resource markets⁶ • Pursue and promote a fair and robust trade policy <i>vis-à-vis</i> China³	• Increase/continue trade, investment and related dialogues with Taiwan^{1,4,6}	• Support China's (sustainable) socio-economic development^{1,4} • Upgrade macro-economic dialogue on monetary and structural policies³ • Increase effectiveness of EU assistance¹ • Improve access to and protection for European businesses^{3,4,6} • Strengthen technical and regulatory expertise in China^{3,6} • Reduce Chinese growth in energy demand, promote use of clean energy³
SECURITY-RELATED GOALS	• Ensure Chinese compliance with non-proliferation and disarmament treaties^{3,4,6} • Combat terrorism^{3,4,6} • Enter into dialogue with China on the Iranian nuclear programme and on creating concerted pressure on Iran⁵ • Cooperate on counter-piracy⁶ • Counter illegal migration⁶ • Cooperate on conflict prevention and peacekeeping⁶	• Promote regional stability in Asia⁴ • Maintain status quo in the Taiwan strait,^{3,4,6} encourage pragmatic solutions, support dialogue^{3,4,6} • Support 6 Party Talks and China's leading role regarding North Korea⁴ • Promote cooperative solutions to territorial disputes⁴ • Encourage conflict resolution through international law in the South China Sea⁶	• Promote transparency on Chinese military expenditure^{3,4} • Improve the EU's analytical capacity on China's military development^{3,4} • Deepen strategic dialogue with China⁴
POLITICAL AND SOCIAL GOALS	• Engage China further in the international community^{1,3,4,5,6} • Strengthen cooperation in the framework of the United Nations (UN)^{1,6} • Uphold the universality of human rights (especially in the UN)^{1,3} • Improve China's integration into international aid mechanisms^{3,4} • Uphold international commitments on labour and social issues³ • Urge China to apply policies (ownership, among others) in support of UN Sustainable Development Goals⁴	• Mainstream human rights and governance issues in cooperation with Asia¹ • Build an effective migration relationship with China^{3,4} • Ensure respect for the 'one country, two systems' principle in Hong Kong/Macau^{1,6} • Increase China's commitment to effective multilateralism (such as ASEM, ARF and East Asia Summit) and regional integration⁴	• Support China's transition to an open society,¹ encourage good governance and rule of law,^{1,3,4} promote fundamental rights and freedoms^{3,4} and the protection of minorities³ • Coordinate EU and member states' human rights dialogues with China³ • Support civil society development³ • Expand people-to-people links^{3,6} • Deepen EU-China engagement in many sectoral areas, including education, culture, youth, innovation and tourism⁶

Existing EU policy documents dealing with China offer an erratic 'menu of choice' of more than forty EU foreign and security policy goals. 7

Indeed, to create tangible opportunities for the EU member states and institutions to attain their goals, the EU's strategic priorities *vis-à-vis* China require a 'slim down' based on the application of four criteria:

1. First, EU strategic priorities in relation to China should ideally be the product of interests common to all 28 EU member states, and at the very least not be fundamentally opposed to any of the interests of individual member states.
2. Second, the definition of such strategic priorities needs to be underpinned by realism about EU limitations in the current European and global environment. Thus, EU engagement with China can be responsive in many policy domains. Therefore, in postulating and pursuing strategic priorities, the Union should focus on areas in which it is actually able to actively shape its relationship with China.
3. Third, the EU's strategic priorities concerning China should help to define policy goals that are (at least partially) achievable over a period of five years, thereby allowing for regular assessment of their appropriateness and feasibility.
4. Finally, the EU's priorities need to be narrow enough to allow for the identification of concrete policy initiatives the EU and its member states are able to pursue collectively.

Inevitably, in establishing EU strategic priorities *vis-à-vis* China, these four criteria will not necessarily be met equally. However, meeting these criteria to the greatest possible extent would help the EU go a long way towards developing a sound set of strategic priorities it can actively pursue. Indeed, bearing these four criteria in mind, the EU should focus on the pursuance of three strategic priorities, namely:

1. Expansion of Europe's role and influence in the new international institutions China sponsors;
2. Negotiation of 'package deals' in relation to China's future role in the global trade and investment order; and
3. Strengthening of cooperation with Beijing in the fight against transnational terrorism.

THREE DEVELOPMENTS IN CHINESE POLICYMAKING MERIT PARTICULAR ATTENTION AMONG EU STRATEGISTS

The steady increase in the number of strategic goals the EU has formulated in relation to China underlines the significant transformation China has undergone over the last 15 years. At the global level, World Trade Organization (WTO) accession in 2001 has significantly contributed to China's integration into global value chains.

Beijing's diplomatic embrace of Africa and Latin America, and the considerable number of Chinese citizens working abroad in these regions, also make the traditional Chinese political and military tenet of 'non-interference' more difficult to uphold. China's regional power in Asia has been upgraded by Regional Trade Agreements (RTA), strategic bilateral partnerships, a resolute 'soft power' campaign and an increasingly assertive military. In recent years, Western hopes regarding China's domestic political development have been swept away by Xi Jinping's recentralisation of power and clampdown on even moderate opponents, as well as new domestic policy developments, including cyber and anti-terror legislation, that significantly infringe the human rights of Chinese citizens.

Amidst these wider developments, three developments in Chinese policymaking merit particular attention when it comes to reconsidering EU strategic priorities regarding China. These three developments not only impact on interests common to all 28 EU member states, but also constitute areas in which the EU is actually able to actively shape its relationship with China over the next few years..

China pursues the creation of new international institutions that could challenge existing international structures

There can be little doubt about the keen interest Beijing has in strengthening its influence in the existing regime of international institutions. Xi Jinping's address to the September 2015 United Nations (UN) General Assembly underlined this interest rather forcefully. Thus, he has committed China to establishing a 10-year \$1bn 'peace and development' fund to support the work of the UN and to take the lead in setting up a permanent UN peacekeeping police force and standby force of 8,000 troops.⁷ Xi's pledge underlines the fact that China has become one of the key

guarantors of the UN's ability to pursue its peace and development agenda in the future.⁸

China has also assumed a much more prominent – if not necessarily more influential – role in the Bretton Woods institutions. In December 2015, for example, the Chinese Renminbi (RMB) was added to the Special Drawing Rights Basket of the International Monetary Fund (IMF). While not increasing Beijing's clout within the IMF *per se*, the decision sent out the important political message that the RMB is 'a safe, liquid asset in which governments can park their wealth'.⁹

In addition to assuming a more assertive role within the existing international institutions, recent years have also seen China's leadership work systematically towards the establishment of international institutions and mechanisms that challenge the existing international order.¹⁰ Beijing has 'sponsored' an impressive set of new international organisations that cover the whole spectrum of international policymaking. However, the most visible institution-building exercises, with the greatest potential to pose a credible challenge to existing international organisations and structures, have so far taken place in the realm of financial and monetary policy and trade and investment.

As part of its agenda to internationalise the RMB and to promote a multi-polar global monetary order that rests on several lead currencies, Beijing has, for example, established a worldwide network of agreements on central bank currency swaps, direct RMB exchange with other currencies and RMB clearing hubs. Moreover, the New Development Bank (also known as the BRICS Development Bank) and the Asian Infrastructure Investment Bank (AIIB) provide a wide range of countries in the developing and developed world with a potent alternative to funding received from existing multilateral development banks, specifically the World Bank and the Asian Development Bank.

Despite its upgraded role in the Bretton Woods institutions, China has also successfully championed the G20 as a key multilateral global governance platform for economic and financial matters.

China is seeking to increase its influence in Europe and around the globe through a potent trade and investment policy strategy

China is currently devoting considerable resources to expanding its role in the global trade and investment order. Although Beijing has never openly defied the multilateral trading regime set up under the auspices

of the WTO, neither has it fully embraced the principles of the liberal market economy.

Indeed, WTO membership has allowed China to benefit from most-favoured nation treatment and to improve its technical understanding of international trading rules, while simultaneously maintaining an economic model characterised by omnipresent state interference and systematic discrimination against private and foreign businesses,¹¹ as well as the widespread absence of legal certainty and effective legal enforcement within China. These unfavourable framework conditions cause damage to European and other foreign businesses operating in China, and contrast sharply with the EU's rule-based approach to foreign investment in the single market.¹² In addition, the central government's often opaque support for Chinese companies in international markets¹³ has already made China the main target of trade distortion complaints under the WTO dispute settlement mechanism, and more trade conflicts between China and the EU loom if the EU refuses to proactively grant Market Economy Status (MES) to China.¹⁴

Indeed, 2016 will see Beijing argue ever more forcefully that the built-in December 2016 expiry of a key provision of Article 15 of China's WTO accession protocol imposes an obligation on WTO members, including the EU, to automatically grant MES to China. While the Chinese interpretation has been disputed by leading international trade lawyers, European decision-makers find themselves under increasing pressure to develop a stance on the issue, which accounts for both Chinese demands and the reality of unfair competition between China and the EU.

More trade conflicts between China and the EU loom if the EU refuses to proactively grant Market Economy Status to China.

China has not only pursued a more assertive trade policy at the global level but also at the regional level. Exclusion from both the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) have buttressed nationalist voices in the Chinese Communist Party that have long been warning against an alleged US 'containment' strategy.¹⁵ Partly as a response to being excluded from TPP and TTIP, the Chinese government has increasingly engaged in a competitive race with the US and other trading powers for economic and political influence with neighbours from the Asia-Pacific region, leading to the conclusion of a significant number of Regional Trade Agreements (RTA).¹⁶ Together with the US 'pivot to Asia' and the 2015 signature of the TPP, Beijing's regional trade regime strategy is increasingly pushing the EU to the sidelines of East Asian trade regionalism.

Over the last 25 years, China's weight in global trade has been complemented by a new age of Chinese global investment, with Foreign Direct Investment (FDI) surging from almost zero in 1990 to well over \$100bn in 2014.¹⁷ Most importantly for the EU, Chinese investments are no longer confined to resource-rich developing countries. There is

now also a strategic government interest in promoting Chinese FDI in EU member states and the European neighbourhood. While the underlying motives and goals driving these investments in Europe are manifold,¹⁸ major investment projects, such as the acquisition of the Greek Port of Piraeus by the Chinese state-owned company Cosco, are now being presented by Beijing as parts of the 'Belt and Road Initiative', also known as 'One Belt One Road' (OBOR). The latter is primarily geared towards intensifying trade, infrastructure and investment links across Eurasia and Northern Africa.¹⁹

The Belt and Road Initiative exemplifies the Chinese approach to international affairs, which deliberately mingles economic, political and security-related goals, often accepting high economic risks for the benefit of achieving the latter two objectives.²⁰ Indeed, OBOR-related rhetoric and public diplomacy efforts have not met with real economic successes so far.²¹ Therefore, even if large parts of Chinese overseas lending are funnelled into OBOR-related projects and partnerships over the coming years, the actual economic effects for both China and recipient regions are very uncertain. In any case, failure to deliver a significant number of OBOR projects that are also economically successful bears high reputational risks for Xi's foreign policy, of which OBOR has become a cornerstone.

China is realigning its security and defence policy to counter transnational terrorist threats

Traditionally, Beijing has used the notion of 'terrorism' in its security and defence discourse to describe a wide range of instances of political violence, including most

prominently those occurring in the separatist region of Xinjiang, in which the Muslim ethnic Uighurs make up about 45% of the population.²² However, the Chinese administration is increasingly forced to adapt its security and defence policy to account for other sources of terrorist threats as well. China's expanding economic and political activities around the globe increasingly expose Chinese citizens and assets abroad to the threat of transnational terrorism.²³ Recent events, like the November 2015 attacks in Bamako, Mali, where three senior executives of China Railway Construction were killed and four Chinese hostages freed by French special forces,²⁴ or the first killing of a Chinese citizen by ISIS in November 2015,²⁵ appear to be merely a preview of what will become more frequent occurrences of similar events in the future.

Acutely aware of the changing threat landscape Chinese citizens and assets face abroad, Beijing is gradually departing from long-established Chinese military doctrine and embracing the idea of expeditionary military missions as a means to counter transnational terrorism. Thus, in its 2015 defence white paper, the Chinese administration called for a greater role for the military in the protection of Chinese institutions, personnel and assets abroad.²⁶ China's first ever counterterrorism law, which was adopted by the National People's Congress in December 2015, also highlights the possibility of overseas counterterrorism operations, with Article VII of the law allowing for state security or military personnel to be sent abroad on counterterrorism missions.²⁷

An increase in Chinese anti-terrorist activities abroad will also make domestic Chinese targets higher

priorities for transnational terrorist groups. For the time, Beijing seems particularly alarmed by potential links between transnational terrorist groups, such as ISIS, and the ethnic Uighurs.²⁸ Indeed, China has already seen a growing number of Uighurs join the ranks of ISIS.²⁹ However, it is not only Uighurs but also Han Chinese that have been recruited, some of whom have already returned to China.³⁰ China will also increasingly face the domestic challenge of coping with citizens radicalised by transnational terrorist groups.

EU MEMBER STATES AND INSTITUTIONS SHOULD FOCUS ON MEETING THREE STRATEGIC PRIORITIES REGARDING CHINA, REALISING A RANGE OF CONCRETE POLICY INITIATIVES

The three developments in Chinese policymaking outlined above, namely Beijing's attempt to create parallel international structures, its endeavour to carve out a more influential role for China in the global trade and investment order and the realignment of Chinese security and defence policy in the face of transnational terrorism, directly impact on interests common to all 28 EU member states and EU institutions.

Moreover, these developments in Chinese policy relate to aspects of EU-China relations the EU could be able to shape rather significantly, if EU member states and the institutions decide to devote the necessary resources and political will. Focusing on a 'slimmed down' set of three strategic priorities would enable the EU and its member states to pursue their interests in the most

effective and efficient manner in relation to a rapidly changing and more challenging China on the international plane.

EU member states and EU institutions should therefore make an attempt to use the new EU Asia Strategy to move the Union and its member states away from an erratic menu of EU strategic choices *vis-à-vis* China and to focus their collective resources to the three strategic priorities presented previously; *i.e.* expanding Europe's role in the international institutions China sponsors, negotiate 'package deals' in relation to China's future role in global trade and strengthen the cooperation with Beijing in the fight against transnational terrorism.

In pursuing these three strategic priorities, EU member states and institutions should attempt to deliver a range of concrete policy initiatives that can (at least partially) be realised over the next five years. Apart from elaborating on the three EU strategic priorities regarding China, the following sections provide some food for thought on what such policy initiatives could be.

EU member states should expand their role and influence in the new international institutions China sponsors

China's strategy of establishing parallel international structures creates both challenges and opportunities for the realisation of collective EU interests. On the one hand, the EU's endeavour to promote effective multilateralism based on existing international organisations depends on China being constructively and actively engaged in these organisations. On the other hand, cautious EU member state involvement in selected mechanisms sponsored by Beijing might open up new avenues

for European engagement with China on important matters in international affairs. In addition, the EU might be able to use these new fora to expand its reach in geographic areas in which its influence has thus far been limited. Indeed, EU member states and institutions have a shared interest in being actively engaged in selected mechanisms sponsored by Beijing. To make such an engagement as fruitful as possible, the EU institutions and member states should focus on pursuing three concrete policy initiatives.

First, EU member states and the EEAS need to bolster the capacities they devote to monitoring China's creation of parallel international structures. As a first step, the EEAS should engage in a comprehensive mapping of existing initiatives, their purposes and underpinning mechanisms and the nature of Chinese engagement.

EU diplomats should enter into a dialogue with Beijing and draw on experts residing within EU member state national diplomatic services, as well as credible representatives of the think tank community and academia.

At the same time, national foreign services and the EEAS need to strengthen the capabilities they have in place within the relevant directorates to monitor new institutional developments. The EEAS should come up with a mechanism to bundle relevant information and to make it available on a regular basis to all member states through the appropriate channels. The most obvious choice for information exchange would be the Council Asia-Oceania Working Party (COASI), which handles preparations for discussions on EU relations with Asia and Oceania in the Political and Security Committee, the Committee of Permanent Representatives and in the Council.

Second, EU member states must collectively identify and capitalise on opportunities for shaping new international institutions and initiatives from within. To ensure the greatest possible amplification of the European voice within new institutions, it is important that as many member states as possible seek a place at the table. Member states who cannot formally join an initiative should aim for observer status and be part of regular consultations among all member states. In cases where financial considerations are at the heart of member states' decisions not to join an initiative, as was the case with initial investment for the AIIB, other member states should consider providing the necessary financial resources on a loan basis. Moreover, the EU should seek to become a permanent member to those fora that accept non-state members.

Third, whenever Chinese parallel structures may help the EU achieve its international goals, EU member states and institutions should attempt to shape them as much and as early as possible, focusing on three aspects in particular:

1. Participating EU member states should exert influence on the governance mechanisms that underpin the organisation;
2. EU members should 'sponsor and champion' standards related to the implementation of projects or initiatives, such as environmental standards; and
3. Recognising that the EU has an interest in ensuring that the activities of the new organisations China sponsors are aligned as much as possible with the activities of existing international organisations in order to avoid unnecessary and costly duplication of effort and resources.

With regard to realising these three objectives, it is critical that EU member states and institutions fully leverage the credibility and legitimacy they endow on Chinese initiatives by participating in them. Similarly, it is important that in shaping Chinese-sponsored organisations, the EU closely consults with strategic partners in order to avoid friction. The fallout between Washington and some EU member states over their participation in the AIIB serves as a negative blueprint for how to coordinate with strategic partners.

EU institutions need to strike 'package deals' in relation to China's future role in the global trade and investment order

Chinese ambitions to become a more influential actor in the global trade and investment order allow EU member states to more effectively pursue their collective interest of promoting greater Chinese compliance with existing international trade rules. The fact that Beijing seeks official EU recognition of China's MES, and that it requires EU member states' active cooperation in the realisation of OBOR, provides the Union with considerable leverage when it comes to negotiating with Beijing about better WTO compliance and making sure that OBOR projects do not only serve Chinese but also common European interests.

In the short-term, the decision of whether and how to grant MES to China constitutes a one-off opportunity for EU trade and investment policy *vis-à-vis* China. Rather than rushing into proactively granting MES to Beijing,

the European Commission should strike a package deal with China in return for granting MES.

Such a package deal needs to address some of the EU's foremost economic concerns, notably making progress with regard to China's Trade-Related Investment Measures commitments and an eventual conclusion of the Government Procurement Agreement. Moreover, a package deal should facilitate progress in the ongoing negotiations for an EU-China Comprehensive Agreement on Investment. The latter should not only provide for significant improvements for European businesses investing in China, but should also contribute to effectively submitting the rapidly growing number of Chinese financial actors in European markets to single market regulation. Considering that China regards an investment agreement as a first step towards an eventual EU-China free-trade agreement, such a package deal also bears great potential for Beijing. This increases the chances of the EU getting closer to its long-standing goal of ensuring reciprocity and a 'level playing field' in economic relations with China.

Actual reciprocity in EU-China relations also means that the EU should accept and make the most of the fast-growing relevance of Chinese FDI in Europe. China's massive investment pledges increase pressure on the Xi administration to deliver concrete results through the Belt and Road Initiative over the coming years. Failure or abandonment of the Initiative would be costly for China's political elite. Therefore, Beijing would struggle to fundamentally oppose an EU strategy geared at utilising OBOR funding for the promotion of European integration.

Thus, rather than EU member states competing ever more vigorously for OBOR funding within their borders, they should jointly propose Belt and Road Initiative projects that would help to improve the modernisation and deepening of integration of infrastructure across EU member state borders, thereby maintaining unity vis-à-vis Beijing and saving money they can individually invest in the modernisation of their domestic infrastructures.

The difficulty of obtaining substantial Chinese concessions on investment conditions thus far means that the EU must also try to improve its negotiating power vis-à-vis China by defending European Intellectual Property Rights and other standards across Asia.

In light of the increasingly difficult investment climate within China and the steady rise of Chinese businesses' global market shares in high-technology sectors, this is also of direct economic importance to European businesses. Pursuing regional trade and investment agreements with China's neighbours appears to be the only viable option for now. However, while both China and the US are quite successfully bypassing the multilateral trade regime in the Asia-Pacific in their own respective interests, this is not a long-term option for the EU and its member states. Instead, the EU's primary goal in this regard should be to reconcile the current regionalist trade regime in Asia with a new multilateral regime under WTO auspices, which would also be much more in line with the EU's normative stance on 'effective multilateralism' in Asia. Otherwise, Europeans risk ending up on the sidelines of both the TPP and a competing China-centred regional trade regime.

“National foreign services and the EEAS need to strengthen the capabilities they have in place within the relevant directorates to monitor new institutional developments.”

EU member states need to strengthen cooperation with Beijing in the fight against transnational terrorism

Beijing's growing ambition to protect citizens and assets against the threat of transnational terrorism abroad and the emerging imperative of tackling the problem of radicalised Chinese citizens at home provides the EU with a unique window of opportunity for establishing closer cooperation with China.

As with earlier anti-piracy operations in the Gulf of Aden, China is likely to initially use anti-terror overseas deployments – if and when they occur – to gather intelligence and to learn good practices from others. For the EU, this could pave the way for greater intelligence-sharing with Chinese authorities both 'on the ground' in third countries and at a bilateral level. With the Chinese authorities increasingly facing problems with citizens being radicalised abroad and returning home, and EU member states having ample experience in dealing with the phenomenon of violent radicalisation, there also seems to be growing potential for a substantive dialogue with China on counter-

radicalisation measures. The EU should engage in both short- and long-term policy initiatives to realise this potential.

In the short-term, EU member states should place an emphasis on initiating intelligence-sharing mechanisms with Beijing. The radicalisation of European and Chinese citizens by transnational terrorist groups both at home and as foreign fighters abroad increases the attractiveness of EU-Chinese intelligence-sharing for both sides. Such intelligence may include, but is not limited to, threat assessments, specifically in third states, and comparing notes on terrorist groups, as well as on specific individuals. Initially, the EU could promote intelligence-sharing among government representatives 'on the ground' in third states that harbour terrorist groups and gradually expand such exchange mechanisms to take place at a bilateral level among EU member state intelligence agencies and the EU Intelligence Analysis Centre (INTCEN) on one side, and their Chinese counterparts on the other.

In sharing intelligence, EU member states must ensure that the intelligence gathered from Beijing merits the mutual exchange of information and that the intelligence distributed to Beijing does not undermine the EU's wider human rights agenda. Thus, EU member states should strike a balance between areas in which they have a lot to offer, like the Sahel region, and areas in which Beijing has something to offer in return. At the same time, EU member states must ensure that information shared with Chinese intelligence services is neither of use with regard to the monitoring of Chinese dissidents residing abroad nor when it comes to the oppression of minorities within China.

Under the auspices of the EEAS, the EU should also explore the potential for establishing joint crisis management mechanisms in the face of terrorist attacks in third states. In this respect, the EU should focus on geographic areas in which Chinese and European citizens would be likely to be affected by terrorist attacks to roughly similar extents. The first steps towards more systematic crisis management cooperation could include foreign affairs and military officials' exchanges on doctrine and tactics, analyses of past operations and lessons learned, and contingency planning and crisis simulations.

If the EU wanted to be even more ambitious, setting up EU-China consular assistance schemes to be activated in the event of crisis could be considered in the future. The assistance China and EU member states provided to each other with regard to evacuating citizens, specifically from Libya, during and in the aftermath of the Arab Spring has already prompted China to publicly express an interest in exchanges with Europe on the development of joint evacuation operations and consular protection schemes. The EEAS should follow up on Chinese statements and take the lead role in facilitating the conclusion of 'model agreements' for joint crisis management and consular protection schemes in specific third states. Such agreements could be particularly attractive for the EU in countries where EU member states' diplomatic and consular representations are thinly spread.

EU member states should also expand their dialogue with Beijing on counter-radicalisation measures, drawing on and sharing lessons learned from their extensive experience in dealing with the phenomenon of violent radicalisation. However, such an EU-China dialogue on countering radicalisation should not only revolve around the exchange of information on what works in tackling violent radicalisation but also enable the EU to address wider human rights and rule of law themes in a pragmatic manner. Indeed, EU member states and EU institutions should make every effort to embed the dialogue on countering radicalisation into a much wider discourse on the need to eradicate social inequalities, to strengthen social inclusion and to improve the economic situation and political rights of minorities in China as a means to effectively tackle the root causes of terrorism.

Adopting a longer-term perspective, EU member states should also prepare for opportunities for the EU and China to join forces in counter-terrorism operations under the UN banner. With unilateral Chinese military engagement in the European neighbourhood appearing rather undesirably from an EU point of view, EU member states must be prepared to match future Chinese offers to intervene close to Europe's borders as part of the global fight against terrorism. This will necessitate putting an end to the structural underfunding of European military capabilities and will require greater willingness among member states and their publics to deploy these capabilities as part of counter-terrorism and stabilisation operations. ■

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China-EU Relations: Old and New Great Expectations

Yu Jie

Key Points:

- The EU would much prefer international politics to be organised under a rule-based system, whereas China holds a Hobbesian view on power which is about absolute sovereignty, stability and control.
- The EU needs to enhance its own understanding of the aspiration and governing capacity of the CCP and the Chinese government. It cannot ignore key interests of the CCP to retain its power, nor can it afford to pretend that those conceptual differences on democracy and political freedoms do not exist between Beijing and Brussels.
- Beijing's bureaucratic opaqueness and consequent policy uncertainties provide a major obstacle in convincing relevant European partners to make a monetary contribution to OBOR projects.

In the past 40 years, China and the European Union (EU) have developed one of the world's most highly institutionalised partnerships, with serious efforts to maintain sound economic relations. Despite having strong commercial ties, their relations were no less problematic than China's relations with the other great powers. Following some dramatic ups and downs in China-EU relations, both Beijing and Brussels are disenchanted by what they can offer each other in order to establish a so-called 'strategic partnership'.

China recognised that the EU had a long way to go before it could become a credible player in the international arena. Within the EU and its member states, numerous articles and studies have presented arguments on the EU's inability to develop a coherent China strategy. However, little attention is paid to Beijing's true intentions when engaging with the EU; not to mention that Beijing's increasingly complex bureaucracies in foreign policy making further undermine the prospects of a real strategic partnership.

This short piece will illustrate why Beijing is merely considering the EU's offer as a strategic partner, as great expectations have yet to be fulfilled. These great expectations include resolving some long-standing disputes between Beijing and Brussels, such as admitting China's Market Economy Status and lifting the arms embargo. Meanwhile, China's recent EU policy is an unfinished product of Beijing's foreign policy making mechanisms. Increasing numbers of central bureaucratic agencies are shaping China's EU policy agenda. These bureaucratic complexities have only weakened China's own capacities to collaborate with the EU on certain key strategic options, such as international financial governance and the very ambitious "One Belt, One Road" (OBOR) initiative.

OLD GREAT EXPECTATIONS AND CLASHES IN VALUES BETWEEN CHINA AND THE EU

Beijing's policy objective *vis-à-vis* the EU is representative of the fundamental characteristics of Chinese foreign policy. China is a country with 'dual identities', combining a developing country reality with great power ambitions. Therefore, this particular identity has created "issue-oriented national interests, which can easily conflict with the type of value-based relationship most preferred by the EU".¹ These dual identities determine Beijing's foreign policy, which is focused on immediate economic needs rather than attaining longer term strategic goals.

“The EU would much prefer that international politics is organised under a rule-based system, whereas China holds a Hobbesian view on power which is all about absolute sovereignty, stability and control.”

China and the EU have essentially held different views of organising international affairs. The EU would much prefer that international politics is organised under a rule-based system, whereas China holds a Hobbesian view on power which is all about absolute sovereignty, stability and control. It has been of little surprise that Beijing's EU policy has so far largely failed to overcome two of the biggest obstacles, obtaining MES (Market Economy Status) and lifting the arms embargo. These two issues are as much about rules as well as about power. Their strains show no sign of abating, and illustrate that closer bilateral trade ties alone cannot achieve a political strategic partnership as both sides have expected.

WHAT DOES CHINA WANT FROM THE EU?

For many years, China's engagements with the EU have largely reflected its rapid economic growth as well as its rising international profile on global affairs. Within the mindset of the decision makers in Beijing, China is very clear on what it wants from the EU, namely three things; 1) free access to the EU's single market; 2) a secure home for its investments, particularly its fast-growing acquisition of overseas assets; and 3) a meaningful diplomatic alternative in its increasingly fractious relationship with the US.

China's EU policy has also exhibited distinctive characteristics in its foreign policy agenda, such as a staunch belief in safeguarding national sovereignty and resentments of past humiliations. Its economic engagements with the continent have largely been intertwined with specific political agendas such as the 'One China policy'. Policy makers in Beijing believe that smooth political ties are the prerequisites for further economic collaboration. China has begun to flex its economic muscles to achieve its particular political goals.

China has become the engine of global economic growth for the past two decades, representing a major shift in the balance of power. The global consequences of this remain uncertain - its power and influence have grown beyond the expectations even of its own leaders. It has therefore eagerly searched for a new international identity and recognition. Its neighbours have feared that China's newly acquired economic power coupled with an assertiveness that is already on the rise within the population at large was ultimately a threat to their national interests. In 2003, the 'Peaceful Rise' discourse was issued, debated and used by Beijing in order to reassure its neighbours and the rest of world.

The Chinese government realised that the 'Peaceful Rise' discourse seemed to share commonalities with Brussels' idea of itself as 'a normative/civilian power'.² The EU could be a natural partner for China in the international community. According to Zheng Bijian, the architect of China's Peaceful Rise discourse, 'A peaceful rising China does not have fundamental conflicts with an integrated EU. We share so many commonalities with the EU, in particular we all agree that international politics is based on a multilateral framework and the pursuit for general public good'.³

THE MISUNDERSTANDING ON MULTI-LATERALISM AND NORMATIVE VALUES

The EU-China 2020 Strategy also stated that 'China and the EU share positive and common values'.⁴ However, this 'commonality' was a cognitive mistake from both sides. The most obvious example is their different perceptions on 'multilateralism'. Multilateralism, for Europeans, is a defining principle of organising world politics and a core element of constructing the 'normative power' of the EU. Multilateral cooperation should solve most transnational problems and even some hard security issues.

In contrast, for China multilateralism is 'a continuation of Realpolitik by other means'.⁵ It is a 'tool and tactic' with which China can advance its own interests.⁶ Chinese officials perceived that encouraging China's participation in the Western-led multilateral institutions was in fact a trap to contain the rise of China. It could undermine China's ambition to reclaim its great power status. It should not be considered as a regular mechanism to solve global issues. Their different perceptions of 'common values' had caused more frustrations than further enhancement of their relations on several occasions.

For example, in the policy domain of tackling global climate change, the fundamental division on multilateralism between Beijing and Brussels was the driving force that caused China to oppose the EU's stance on an international climate change regime. Chinese officials viewed that tackling climate change and carbon emissions should be resolved by individual countries according to their different situations, whereas the EU contended that environmental issues were transnational in nature and should be resolved via binding rules from international organisations.

Chinese foreign policy makers have a long tradition of assuming that 'multilateralism' was equivalent to 'multi-polarity'.⁷ They view the world as consisting of different poles under US hegemony, where China has to forge partnerships with other poles to challenge US supremacy. Given the EU's rising profile in international politics, Chinese foreign policy makers assumed 'establishing an alliance with the EU could undermine US dominance, and was a viable option'.⁸

However, some European China analysts suggested that 'forming a partnership against the US was a naive idea and this was elaborated by Chinese scholars. Establishing a partnership with one country does not necessarily intend to oppose another partner'.⁹ The EU and the US actually share many more common

values, such as embracing a full market economy, liberal democracy, respecting the rule of law and universal human rights, than China does with Brussels.

Beijing's misunderstanding of the EU has brought severe consequences to its relations with the Union. Between 2003 and 2006, Chinese officials held great expectations that they could overcome one of the perennial obstacles of Sino-EU relations, namely the arms embargo. The EU's arms embargo to China was imposed immediately after the 1989 Tiananmen incident to condemn China's lack of respect for democracy and individual human rights.

Since China joined the World Trade Organization (WTO), the Chinese government has made great achievements in improving the living standards of ordinary Chinese people. Meanwhile, both China and the EU declared an intention to establish a strategic partnership' with each other. Therefore, lifting the arms embargo was seen as a natural step to strengthening their partnership, according to Chinese and some European officials' views.

Unfortunately, Beijing had underestimated the US' influence on Brussels on this occasion. The White House had openly stated that the US opposed the EU's proposal to lift the arms embargo on China. Chinese officials had mistakenly concluded that if the German, French and British reached agreements, the EU 25¹⁰ as a whole would fall in line.

However, agreements had not been achieved amongst the 25 EU members. In particular, with the enlargement of the EU in 2005 former Eastern Communist countries were admitted such as Poland and Hungary, countries which had expressed suspicious and negative views about the Chinese Communist Party (CCP). This has further increased the difficulties in lifting the arms embargo. Since then, Chinese officials have almost given up the hope to lift the embargo from Brussels.¹¹ The failure to reach an agreement marked a turning point for Sino-EU relations. Beijing finally realised the impotence of the EU formulating a unified China policy, and it was disenchanted by what the EU could offer to China. To this extent, China shifted its focus back to engagements with individual member states, which would certainly benefit China economically. This in turn may add to China's economic and political leverage to Brussels.

Apart from these two failed great expectations; China has been in dispute with the EU on other normative issues, such as China's human rights records and China's political reforms. This was largely driven by several constant sources of Chinese foreign policy: the revival of nationalism and the safe guarding of territorial

integrity and national sovereignty. These sources have profoundly shaped China's foreign policy as well as its international identity. Needless to say, China's EU policy has also been determined and further complicated by these sources.

POLICY RECOMMENDATION TO THE EU:

In this context, nationalism is a formidable force in Chinese foreign policy which has been mostly overlooked and misunderstood by the Europeans. Any European complacency in seeking to facilitate China's domestic reform would only induce further disputes between Beijing and Brussels. Unlike the EU's neighbourhood policy, where democratic transitions through both economic and political reforms were seen as effective steps to re-integrate Eastern European neighbours, such initiatives are seen in Beijing as posing a fundamental challenge to the CCP's legitimacy, which is based on absolute control of power, societal stability and governing capacity.

Given the above disputes between Beijing and Brussels, the EU needs to enhance its own understanding of the aspiration and governing capacity of the CCP and the Chinese government. The CCP has performed an omnipresent role in every aspect of policy making in China with its ultimate aim to retain its power.

The EU cannot ignore the key interests of the CCP, nor can it afford to pretend that those conceptual differences on democracy and political freedoms do not exist. It makes no sense to be idle and assume China will experience an immediate and unprepared political transition from an authoritarian regime to embrace a full democratic government decided by elections.

As we must be aware a brutal and unprepared political transition would only produce a recipe for disaster. A more turbulent China will not be an easier partner or benevolent great power than Xi Jinping's China is now.

As the EU must be aware, a brutal and unprepared political transition, like those seen in the Arab Spring, would only produce a recipe for disaster. A more turbulent China will not be an easier partner or benevolent great power than Xi Jinping's China is currently. The EU has a profound interest in a stable and reform-oriented China that is economically successful and politically stable. If the EU continues to adopt its old habits of advocating the process of democratisation to China, it would only further alienate its biggest

trade partner which in turn damages the EU's already fragile economy.

BUREAUCRATIC POLITICS IN DETERMINING CHINA'S EU POLICY

Over the years, China's EU policy has started reflecting the expanding scope and number of actors participating in China's foreign policy process. These changes have induced a large number of unexpected foreign policy actors becoming involved in formulating policy. Besides traditional foreign policy actors such as the Ministry of Foreign Affairs (MFA) and the Ministry of Commerce (MOFCOM), a number of new ones such as People's Bank of China and National Reformation and Development Commission (NDRC) have made their debuts on the international stage and generated a substantial impact on China's EU policy agenda. These institutions are either semi-autonomous or autonomous, and have built up their own centre of gravity in their attempts to shape Beijing's EU policy agenda.

BUREAUCRATIC TURF WAR IN CHINA'S 'SAVING THE EURO' DEBATE

This piece has insufficient space to detail all the major bureaucratic turf wars taking place when Beijing formulates its EU policy. Rather, it will illustrate the issue with an example of the bureaucratic rift between an 'established foreign policy actor' and a 'newly emerged foreign policy actor' to illuminate why China's EU policy contains a great extent of inconsistency.

Since China joined the WTO in 2001, MOFCOM's competence and power has expanded significantly. It has become 'one of the indispensable institutions for making Chinese foreign economic policy'.¹² Two former ministers of the MOFCOM have even been elevated to the position of vice premiers between 2001 and 2007. One of the key responsibilities for MOFCOM is to boost China's trade volume. It has played a vital part in promoting China to become the world's largest trade partner with the EU. It preferred to depreciate the Chinese currency (RMB) in order to further expand China's trade volume with other key partners, including the European Union. This in turn would benefit the MOFCOM as a governmental department both financially and politically.

Economically, a larger trade volume had been

synonymous with a bigger departmental budget in the subsequent financial years to come. The budgetary increase would also trigger the political success of key officials of MOFCOM and the ministry as whole. Senior diplomats at MOFCOM have been promoted to higher political rankings much quicker than any other central governmental departments in Beijing.¹³ MOFCOM's jurisdictions have been extended to include oversight of China's outward direct investments, which previously belonged to the NDRC. However, MOFCOM has not enjoyed many victories over a very long period of time. It has been at odds with the People's Bank of China (PBOC), China's central bank, over how China should 'rescue' the Euro in order to avoid massive losses to its own economy.

Since 2009, the EU has suffered from a double economic recession, triggered by the global financial crisis and the sovereign debt crisis. Such crises have weakened European consumer demands for Chinese exports. China was asked by the EU to offer financial assistance. MOFCOM suggested to the Politburo Standing Committee (SCPT) members that China should offer direct financial assistance to the nearly bankrupted Southern European members immediately to 'rescue' the Euro. In doing so, they would avoid a massive decline in Chinese exports and the collapse of Chinese manufacturers whose main demands were from the EU.

The most significant player in formulating China's monetary policy, the PBOC, held a contrasting position to the MOFCOM. The PBOC dictates China's domestic monetary policy and its growing importance in the Chinese foreign policy making process mirrors China's growing impact on foreign economies and world financial markets. The PBOC has the authority of managing RMB exchange rates and China's vast foreign currency reserves. These functions placed the PBOC in "a unique and powerful position".¹⁴

The PBOC did not object to the idea of 'saving the Euro' on the grounds of China's own economic interests. Rather, as several scholars point out, the Chinese leadership under consistent advice from the PBOC has always supported the Eurozone for political reasons, viewing it as a step towards the creation of a multipolar currency order with the RMB alongside the dollar and the Euro.¹⁵

Against the background of the Eurozone sovereign debt crisis, the PBOC challenged the MOFCOM's idea of offering direct financial assistance to individual member states. Rather, it preferred to contribute to the European

Financial Stability Fund (EFSF) or to deposit China's financial assistance at other international financial institutions. The PBOC was very cautious in increasing its holdings in a troubled, or even insolvent, bond market. The monetary policy management committee of the PBOC has always been prudent. It has not "committed to a further increase in holdings of European governmental bonds rather via increasing contributions to the EFSF".¹⁶ Meanwhile, it began to expand the usage of the RMB as a settlement currency in London, aimed at diversifying the holdings of the US Treasury bond and European sovereign bonds.

In February 2012, Chinese and EU leaders hosted their annual summit. The governor of the PBOC Zhou Xiaochuan pledged that "China will always adhere to the principle of holding assets of EU sovereign debts through the IMF or EFSF".¹⁷ Such a statement implied that the SCP had already adopted the PBOC's proposal of contributing to the EFSF and would refuse to offer direct financial assistance as the MOFCOM proposed. The SCP realised that the MOFCOM's proposal of offering direct financial assistance to nearly bankrupted Southern European members would receive little in return. As a result, MOFCOM did not manage to prevail in the debate on whether China should 'save the Euro'.

NEW GREAT EXPECTATIONS ON THE 'BELT AND ROAD' INITIATIVE

Similar lenses could be used to examine the ambitious 'One Belt and One Road' project under the aegis of President Xi Jinping. There has been a great degree of confusion and uncertainties on which department takes overall responsibilities for OBOR and what are the selection criteria for categorising infrastructure projects as parts of the OBOR initiative. As an established journalist puts, "OBOR is longer on sweeping vision than on nuts-and-bolts practicalities".¹⁸

This bureaucratic opaqueness and consequent policy uncertainties provide a major obstacle in convincing relevant European partners to make a monetary contribution to any infrastructure projects, that would potentially mobilise investing destinations' enormous financial resources, without an ultimate underwriter to provide guarantees. The Chinese policy banks, such as the National Development Bank and China EXIM Bank, have followed Beijing's initiative and advanced the market interests of Chinese state owned enterprises, rather than focusing on capital returns. In contrast the newly created European Fund for Strategic Investments

(EFSI), brain child of EU President Jean-Claude Juncker, involves a lengthy approval process and follows strict criteria for lending. Beijing's lack of clarity on the OBOR initiative would put any potential projects with the EU in jeopardy. This in turn may add a new great expectation yet to be fulfilled between China and the EU.

CONCLUSION

To conclude, China's EU policy was no longer a quest for synergy between 'China's Peaceful Development' and the 'Normative Power of Europe'. The EU needs to enhance its own understanding of the aspiration and governing capacity of the CCP and the Chinese government. It cannot ignore key interests of the CCP to retain its power, nor can it afford to pretend that those conceptual differences on democracy and political freedoms do not exist. It makes no sense to be idealistic and assume China will experience an immediate and unprepared political transition from an authoritarian regime to embrace a full democratic government decided by elections.

There is hope that each side could contribute more significantly to partnership in the age of geopolitical upheavals and economic turbulence. Yet, overcoming their own policy and bureaucratic hurdles back home has already proved to be difficult with the EU feeling the strains of dealing with one crisis after another. Similarly, China's economy began to show a strong sign of strain which may further undermine the foundation of China-EU relations and trade ties.

It is not a rosy picture but close to the reality. Therefore, the best hope is that the China-EU strategic partnership remains one of great expectations waiting to be fulfilled.■

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EU Policy in Burma/Myanmar:¹ A Personal Account

Robert Cooper

“When a country like Burma, isolated for the last forty years, suspicious of all foreigners and especially of Western interference, invites you to monitor their elections something extraordinary is happening.”

The European Union's (EU) engagement in Myanmar goes back to 1988. For most of the period since then, EU policy was vigorously contested and brought few results. It was strange that so much time was spent on what seemed a lost cause, but in the end this time was not wasted.

The Council debated sanctions many times over the following twenty years. Discussions followed the same pattern. On the one side were those who wanted the EU to express its outrage after the Burmese army annulled the elections and imprisoned the winners, and to show solidarity with the opposition; the other camp argued that the way to change Myanmar was to engage with the regime. Each side had respectable arguments.

The result was a series of compromises: more sanctions were imposed, but only on selected persons and products. Alongside sanctions, the EU started modest programmes of humanitarian aid, notably in the health sector. However, these were delivered through NGOs and not through the government.

The sanctions had little direct impact, but they gave a signal to the business community that this was a country to avoid, and with the exception of some oil companies, that was what they did. The humanitarian aid did good, but it was a small drop in a big ocean of poverty and neglect.

In retrospect this policy, seemingly contradictory and satisfying neither of the two camps in the Council, was probably better than either the all-out sanctions sought by some or the engagement advocated by others.

A second strand of EU policy was criticism of ASEAN for admitting Burma as a member. The EU's theory was that if it could make the other ASEAN members uncomfortable about Burma's membership they might press the Burmese government to improve their behaviour.

It is not clear if this rather faint hope ever bore fruit: perhaps this was the reason Burma did not assume the ASEAN presidency until 2013. ASEAN membership in fact had a positive effect since travel to ASEAN countries gave the military a sense of how far their country was falling behind the rest of the region; this may have been one of the factors that brought them to change their strategy – and their Constitution.

The 2008 Constitution was the last step of the laborious seven-step roadmap to 'disciplined democracy', invented by General Khin Nyunt a year before he too was placed under house arrest. The Constitution was drafted by a Convention chaired by U Thein Sein who later became the first President under this Constitution. Criticism of the Convention was a criminal offence. An illegitimate process concluded with a fraudulent referendum; a 98% turnout was claimed even though hurricane Nargis had laid much of the country waste. Elections were held in 2010 to bring the new Constitution into force.

Neither the Constitution nor the elections looked likely to change anything. The Constitution was designed to keep the military in power forever, and to keep Aung San Suu Kyi out for the same period. Her party, the National League for Democracy (NLD), was banned and she remained under house arrest; so neither could contest the election. A part of the NLD broke away to fight the election. When it looked as though they might win a number of seats the authorities organised large-scale electoral fraud. Unexpectedly, however, the new government did not again prolong Aung San Suu Kyi's house arrest when its term expired, and began to show other small signs of openness.

At this point the story becomes partly personal. Lady Ashton, the EU High Representative, gave me a role on Burma; I had some previous involvement there and was an old friend of Aung San Suu Kyi. When the Burmese government gave me and Mr Fassino, the EU Special Representative, visas in June 2011,

we made the first high-level visit for at least a decade. Mr Fassino had been appointed Special Representative for Burma some years prior, but had never been permitted to visit.

The EU's sanctions were tied to two specific issues: the participation of the NLD in the political process and the release of political prisoners. This was sensible: if sanctions are to bring about a change of policy it makes sense to set modest goals and to make them public. The best goals are ones that are significant but obtainable. Mr Fassino and I repeated to every interlocutor that, if these two things were done, sanctions would be lifted and there would be no limit to the ways in which the relationship could be transformed.

Meetings in Asia, especially when you are seeing people for the first time, are often rather formal and after the two of us had repeated this message to everyone I found myself wondering if we were really getting through. So, late in the visit, as I was leaving the meeting with the Foreign Minister I took him aside and suggested that, to make an impact, they should release all political prisoners in one go. We had imposed sanctions because we saw them killing monks in the streets, they needed to do something equally dramatic to get us to lift them. He did not react, but at a dinner that evening his deputy asked me to repeat what I had said, and I did so.

He also did not give a reply, but a day later when the official visit was over and I was back in Yangon (from the new artificial capital of Nay Pyi Taw) the Deputy Minister telephoned me on a very bad line. He recalled our conversation and then asked

“The sanctions had little direct impact, but they gave a signal to the business community that this was a country to avoid.”

if I could explain exactly who I was talking about when I said 'all political prisoners'.

After years of polite denials that there are any political prisoners at all, of refusals to discuss the issue, or even to meet people who might raise it, your heart stops when you are asked such a question.

I said we would send him a list the next day. In fact, as I guessed while I said this, we did not know exactly who we were talking about. If you call for the release of all political prisoners, year after year, with little hope of it happening, you do not spend a lot of time updating lists. The EU Delegation, as astonished and hopeful as I was, scrambled and, with a lot of help from the NGO community, put together a list of two thousand names, delivering it to the Deputy Minister as I had promised.

The government did not follow my advice to release them all simultaneously. However, they did release some to see what would happen. Then, after receiving a good reaction, they released some more, and continued doing so in increasing numbers. They also began a dialogue with Aung San Suu Kyi, eventually taking this to the level of the President. The result

was that, some months later, the NLD registered as a party under the Constitution – with Aung San Suu Kyi making her many reservations about it clear – and the NLD participated in by-elections for forty-five seats vacated by MPs who were appointed to the government.² These took place on 1st April 2012.

Here I permit myself another personal anecdote. I had decided to go to Burma for the by-elections. Aung San Suu Kyi and the NLD contesting elections was the Burmese equivalent of the Berlin wall coming down. A week before I left, the Burmese Ambassador came to see me to talk about my trip, and said that he had some good news: I could take ten people with me. This was a surprise. I had planned to go on my own or with a colleague who would enjoy the brush with history. Why should I take ten people? I thanked the Ambassador and then left for Washington on unrelated business and forgot this small puzzle.

While I was away the Embassy sent a Diplomatic Note. This made things clearer: they were inviting us formally to send ten people to observe the election. The Department responsible for election observation pointed out, quite correctly, that it was too late

to organise a credible observation mission – normally such missions begin six months before polling day – and they had no budget for it: so the answer was no.

By a stroke of luck, Pierre Vimont the Secretary General of the EEAS (European External Action Service) heard of this. He was not involved in Burmese business but he knew enough to send a fierce instruction that when a country like Burma, isolated for the last forty years, suspicious of all foreigners and especially of Western interference, invites you to monitor their elections something extraordinary is happening. Rules or no rules, budget or no budget, you accept.

So I went as leader of an election observation mission put together at the last minute but with people who, unlike me, knew how to observe elections and who were just as excited as I was to be there.

The election was well conducted and the NLD won all but one of the forty-four seats it contested. So much for the story that the military had told for the previous twenty years, and which many in the diplomatic community had repeated, that the Burmese people were tired of Aung San Suu Kyi and her stubborn refusal to compromise.

The date of the by-election was not an accident. The EU Council was due to renew its sanctions legislation later in April. As this date came near, members of the NLD, many of them former political prisoners, found themselves in the Interior Ministry advising on who was and was not a political prisoner. By the end of the month almost all political prisoners had been released. The EU Council subsequently decided to not lift sanctions but to suspend them. It wanted to see the NLD members

take their seats in parliament and to be sure that the process would continue. If it did, then it would be clear that the policy based on sanctions had run its course and a new approach would be needed.

And that was what happened. Sanctions were ended a year later. Meanwhile, the EU progressively upgraded its representation, opening an office in 2012 and then creating a fully-fledged EU delegation with a resident ambassador in September 2013. The aid effort also changed both in volume and in nature, from a humanitarian to a development programme. The Council took the view that if the EU cared enough about Burma to impose sanctions, it ought to show an equal interest in supporting policies for reform.

Council conclusions on Burma usually began by underlining the EU's commitment to peace and democracy. Recognising that development is a political as well as an economic process, the aid programme for Burma has, perhaps for the first time, a budget line for peace. Peace was also the top priority of the Thein Sein government.

U Aung Min, the Minister responsible for the peace negotiations, often seemed on the point of exhaustion. The government's commitment was visible also in the extent to which its policies were revised as they better understood the concerns of various ethnic groups. By the end of the government's term, the word 'federal', a taboo at the beginning, had become commonplace.

From early on the EU was the main supporter of the Myanmar Peace Centre. This was, in essence, the Secretariat backing up the peace negotiations. A good number of its

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staff were expatriate Burmese who took a cut in income by returning to work for peace in their country.³ The EU's funding balanced the support it had for years given the ethnic groups in exile.

The EU's support for democracy goes wider than elections. Nevertheless, at its heart has been the work with the Electoral Commission on the organisation and monitoring of elections. There is more the EU could have done had it been faster and more flexible, but the results are still impressive. By all accounts, including from the EU's Electoral Observation Mission, the 2015 elections, though imperfect, have set new standards in the region. The Election Commission has reason to be proud, as do those who assisted them: the 12,000 local observers who were reinforced by 1,200 internationals, of which the EU contingent was the largest.

Another area fundamental to the relationship between government and citizen is the police. Here the EU has taken on a role in training. This came at the request of both the government and the opposition, in this case Daw Aung San Suu Kyi in her capacity as chair of the Parliament's Rule of Law Committee. The requests followed an incident in which protesters were killed during a demonstration poorly handled by the police. Training has focused on riot control and community policing. The EU responded with unusual speed – the 'Instrument for Stability', a budget designed for quick disbursement in support of political change, proved its usefulness; and the quality of the police trainers provided under a new contract with national police services has been excellent. According to them, the readiness of Myanmar police to learn shows how the mood for change reaches every part of society.

The dramatic results of the 2015 elections mean that there is more drama to come. How far change proceeds will depend on Burmese politics. Outside actors, even powerful ones like the EU, will have an influence only at the margin. This has always been the case: the change in political life in 2011 came because local actors chose it, not because of EU and US sanctions. These played a part in the way that the transition developed – but many important decisions, like the abolition of censorship, were taken without any outside pressure; Burma now has a thriving independent press, most of which supported the NLD during the election campaign.

Before the transition began, what mattered was that the EU persisted with a sustainable and united policy – in spite of the quarrels in the Council. Back then it was pursuing limited, almost minimal, objectives. Success makes life more complicated, and offers a richer menu of choice. What will matter now is not power to coerce, but empathy, agility, imagination, a willingness to experiment and taking risks – as the EU has already done in police training. These un-bureaucratic qualities need to be backed with a well-functioning machine in Brussels. But the leadership must come from those on the ground.

Were Burma to succeed – and it has all the necessary ingredients – it would be an important factor in the development of the region and of ASEAN. Thus, bit by bit, the fabric of an international community is woven. Burma will deserve the EU's time and attention for many years to come. ■

NOTES:

- 1 One of the things the Council did not agree on was the name of the country. The military changed the name from 'Burma' to 'Myanmar', claiming that this was more inclusive: the largest ethnic group in the country being the Burmese. In fact, 'Burma' is a slightly slangy version of Myanmar. Aung San Suu Kyi has always rejected the military's change as illegitimate.
- 2 The Constitution, which has many peculiarities: one of these is a strict view of the separation of powers, so that members of the government cannot also be members of parliament. On the other hand, serving members of the armed forces are nominated by the Commander-in-Chief for 25% of the seats in parliament. This is not how Montesquieu would have seen the separation of powers.
- 3 President Thein Sein's encouragement of exiles to return home was one of many intelligent policies his government adopted soon after coming to power.

Core Areas of Cooperation

Asia as part of the EU's Global Security Strategy: Reflections on a more strategic approach¹

Michael Reiterer

Key Points:

- A joined-up approach, leveraging in particular the EU's trade and development policies while creating synergies between internal and external policies, has the potential to strengthen the EU's role as a security actor and security provider beyond crisis and conflict management.
- The EU needs a focussed approach to Asia, which is clearly wider than just a China policy.
- This approach needs functional cooperation on security priority areas: Asian regional security infrastructure, rule of law, global commons, and safeguarding EU interests in Central Asia.

The EU is presently undergoing a profound review of its strategic environment which has changed radically since 2003 when the EU Security Strategy was adopted in the aftermath of the second Iraq War. In a more connected, contested and complex world, the EU sees "conflicts in Africa and security tensions in Asia, while climate change and scarce natural resources harbour the risk of more conflicts"² Asia's importance has increased since 2003 in terms of economic weight and security with the rise of China causing changes in the regional balance of power with potentially global implications. Thus, i) Asia is in a transition period: power relationships are changing, primarily but not exclusively between the US and China; ii) there is competition for a new international and regional system, where the established rules-based order is under siege and defended by the US and allies. The EU as a specially qualified non-state actor with institutional limitations has to calibrate its policy to play a role which can be decisive in its core areas of competence, in particular its smart power anchored in economic power with strategic and security implications.

Hence a joined-up approach, leveraging in particular the EU's trade and development policies while creating synergies between internal and external policies, has the potential to strengthen the EU's role as a security actor and security provider beyond crisis and conflict management. To this end the EU's approach to foreign and security policy needs change from ad-hoc-reaction to strategic planning, from words to deeds, from putting out fires to securing the environment. As a Union of post-modern states security has become comprehensive in scope and content, it is far more than the absence of war and military conflict. Today's threat scenarios are multi-dimensional, occur inside and outside the Union and are often global in nature. Consequently the response has to be "across the board"³ of all the fields of EU foreign policy.

HRVP⁴ Mogherini therefore launched a process to rethink this policy and to prioritise goals and objectives together "with the EU institutions, Member States, the foreign policy community and the wider public" to develop a "genuinely common EU global strategy"⁵.

The EU has strong interests in Asia, not only economically but also politically and thereby in security⁶ as the EU is "vulnerable to the ramifications of underlying political and security tensions"⁷. Therefore the EU has to demonstrate clearly that it is willing and able to pursue

these interests despite tensions in its near abroad – a highly developed regional integration institution must have the capacity to pursue policies in more than one theatre at the same time.

A genuinely common policy draws on the instruments available to the Union as well as on those of its Member States where they reach consensus. In a hybrid manner, normative and coercive elements can be blended into an effective strategy called ‘smart power’⁸ by Joseph Nye. This is in line with the policy to highlight the ‘S’ and ‘D’ of the European **S**ecurity and **D**efence Policy in reply to the challenges posed by the return of geopolitics.

This paper first focuses on the role the EU can play in the Asian security environment which is less structured than the European one. Part II deals with the need for the EU to change its narrative because of recent developments and the return of geopolitics. In Part III four scenarios for the future development of Asia are presented. Part IV analyses the repercussions of these scenarios for the EU. Some policy options are presented in the concluding part.

THE NEED FOR A NEW NARRATIVE FOR THE EU – A CHANGE OF PARADIGM IN THE MAKING?

Recent events in Europe necessitate an adaptation of the narrative: While the EU is still an area of peace and security internationally, terror attacks have shaken it domestically. In addition the refugee crisis which is a consequence of international events (Syria, Libya, Afghanistan) strains solidarity, one of the pillars of the EU. Foreign policy starts at home, therefore the EU’s power of projection is diminishing, even vis-à-vis a candidate country like Turkey whose cooperation in fighting ISIS and taming the streams of refugees is required.⁹ Overall the value of the EU as a role model, and in that way its normative power, has decreased – a trend which needs to be stopped.

While the soft power of the EU still carries some weight, in an environment like Asia where hard security plays an important role, the trend towards smart power e.g. the combination of soft and hard power, like in the case of the operation ATALANTA, is in the EU’s interest. This more recent feature of its policy meets first, the regional expectations and secondly, illustrates the policy direction the EU wants to pursue. European policy making has to focus more and more on security related matters in lieu of the former economic and market driven narrative. This is a change of paradigm.

In order to remain the advocate of the Rule of Law in a liberal international order, the EU needs to pursue a principled foreign policy as the moral high ground is difficult to defend when the messaging is not consistent in content and across the different players - the EU and its Member States. Pleading the Rule of Law without standing by it clearly, particularly in the face of a realist power like China, is undermining credibility. In a competitive environment like in Asia where the roles on the regional stage are newly distributed, European policy making cannot follow only a philosophical or ethical discourse. Voicing European interests clearly and making use of European means in pursuing them has to be part of the foreign policy equation; otherwise the EU will gain respect neither abroad nor at home. Standing firm on common positions, which should be more than the smallest common denominator, without backtracking in face of resistance or

“The EU’s approach to foreign and security policy needs change from ad-hoc-reaction to strategic planning.”

economic costs will strengthen the EU’s standing. Leveraging common policies and charting the path for supportive coercive measures, drawing the line between flexibility and weakness, are the challenges to master.

Such a principled policy can only be pursued effectively if the economic, political and security interests have been clarified and a decision taken on which issue one is either prepared to insist or willing to compromise. This decision has to be backed by the means necessary to implement such a policy e.g. decision makers have to assume the responsibility for engagements made. Drawing red lines without respecting them is a policy failure – grey lines are even worse as they lead to losing any profile. The EU cannot be everybody’s darling at all times, pleasant as it might be. Adhering to principles and pursuing well-defined interests brings respect. Leadership and statesmanship should avoid crossing the line to stubbornness.

“The military-to-military (M2M) dimension will need an upgrade.”

Maintaining or creating a distinct profile for the EU is a challenge when cooperating with other players which are more influential and able to cater directly to regional requirements, such as the US. Profile requires clarity. Clear messaging creates trust and thereby influence. Agreed goals of a strategy facilitate such an approach which in turn needs a more proactive policy-making for implementation with leaner lines of command/decision-making; lean institutionalisation could help the consultation process with the US.

How to translate this new paradigm into practice? The EU is not a game changer in Asia. However, establishing some more symmetric relationships in reaching out to middle powers like Japan, Republic of Korea (ROK), Australia, and Indonesia based on a well-defined set of shared interests is a policy option. Improving the relationship with India is a must; India wants to change from the guild of rule-takers to the guild of rule-makers. Prime Minister Modi's government embarked on a more active diplomacy which is multidimensional in its partnerships but clearly concerned by Chinese pushes inland (Silk Road) and at sea (New Maritime Silk Road). Concerning the latter, India's role in the Indian Ocean is crucial as the link between the South China Sea and the Arabian Sea.¹⁰ India also enlarges the scope in referring to the 'Indo-Pacific', a notion that "... essentially brings the Indian Ocean and the Western Pacific — theatres of geo-political competition — into one strategic arc".¹¹ This area and the institutions active therein (Indian Ocean Rim Association, Indian Ocean Naval Symposium, among others) deserve more political and analytical attention by the EU. Thus, at the recent EU India Summit the EU and India "appreciated the role played by the Contact Group on piracy off the coast of Somalia, chaired by the EU in 2014-15, to revise the coordinates of the High Risk Area in the Indian

Ocean Region" and "looked forward to the 2016 South Asian Association for Regional Cooperation Summit".¹² Thus, the EU Maritime Security Strategy, confirming the EU's strategic interests in 'the global maritime domain',¹³ needs operationalisation in which the navies of Member States could play a crucial role.

The military-to-military (M2M) dimension will need an upgrade as it would facilitate communication with the defence sector: officers prefer talking to counterparts in uniform. An 'EU security adviser' (attaché) in EU delegations could coordinate the messaging of the military attachés of Member States like in other fields. In addition, providing a service to Member States in entertaining an adviser in countries where Member States are not or not fully present would be an additional added value and render Member States a service.

The same argument applies even strongly to cultural diplomacy which allows the transmission of messages, values in a more subtle way, making use of new and social media and giving life to the always professed people-to-people dimension. The usefulness of this approach was proven in the Cold War. Its scaling down and phasing out was a mistake, dearly paid in the Arab Spring¹⁴. It is also lacking in the renewed political and propaganda competition with Russia: adaption to a completely new environment is a challenge a soft power must face.

Soft and smart power accompanies and complements this process but is no replacement for it. Both come with a price tag and are part of high and not low politics. This implies a much stronger EU presence in media, think tanks or public diplomacy in general. Education can play an especially important role as it provides access to young people during their formative period which leads to important bonding and contact networks.

THE RETURN OF GEOPOLITICS TO ASIA: FOUR SCENARIOS

China has become the main focus of attention regionally and globally, a development which it supports effectively in presenting its ideas. While the world was guessing for years what the 'China dream' entailed, now guessing on the content of 'One Belt, One Road' (OBOR) is on the agenda. However, China has not only a 'China dream', but also an 'Asia-Pacific dream'. President Xi also propagated for a security system by Asians for Asians, i.e. outside US dominance, in his speech at the Conference on Interaction and Confidence Building Measures in Asia (CICA).¹⁵

This reflects a more general trend in Chinese leadership: Economic prosperity underpinned with a strident nationalism. The need for domestic reform, unfortunately in times of diminishing growth in tandem with more stringent societal control, had led towards a more activist foreign policy e.g. maritime disputes in the East and South China Sea, OBOR, Asia Infrastructure Investment Bank (AIIB), Silk Road Fund, the Free Trade Area of the Asia Pacific (FTAAP) (adroitly adapted from an earlier US blueprint), rapprochement with the ROK, and efforts to upgrade and enlarge the Shanghai Cooperation Organisation (SCO) and CICA. Changing from more assertiveness to a more accommodating policy (and back again if necessary) is a constant of Chinese foreign policy, allowing for the consolidation of gains thereby made.

Future security scenarios in Asia depend on the effectiveness of policies of the other major players in the region:

- the United States and its policy of 'rebalancing'
- Japan's more active engagement based on a new legal security framework and a strengthened economy if Abenomics works
- India's more international orientation
- ASEAN's ability to transform itself into a politico-security player
- the role of middle-powers like the ROK and Australia can play and
- Russia's capability to compensate marginalisation in Europe with a more active role in Asia, although China infringes on its perceived zone of influence in Central Asia through the Eurasian leg of its Silk Road policy.

Four different *scenarios* can be imagined:

- a *Sino-centric* Asia in terms of economics and politics, eventually with Sino-empowered regional structures where outside forces play a limited or marginal role
- *status quo* where the Asian sub-regions have their regional drivers without forming an Asian regional (security) structure; alliances play an important role in distributing power
- a *divided Asia* reminiscent of Cold War divisions based on the Asian Paradox e.g. continuation of dense production networks, intra-regional trade and investment eventually supported by trade agreements, while politics are polarised by China and the US and its allies respectively
- a *more integrated Asia* where the ASEAN centred framework and institutions evolve into a comprehensive eco-political architecture jointly managed by the US and China in tandem with Asia Pacific partners of the East Asia Summit (EAS) and drawing on the Helsinki/OSCE experience in Europe

As a global player the EU is directly affected by developments in Asia. Therefore in preparing its strategy, the EU will have to judge which of the options or which combination of them is the more likely one and act accordingly in order to secure its interests in Asia. Meanwhile the EU is facing challenges in its immediate neighbourhood as well as limited resources in qualitative and quantitative terms. A set of priority goals and the adequate means to achieve them need to be established in order to be credible, to avoid the creation of expectation gaps and at the same time become more efficient.

The EU is recognised in the Asia Pacific region primarily as an economic actor/entity¹⁶, despite all efforts to push the political and security dimension including non-traditional security issues. This perception is illustrated by the Chinese Prime Minister handling China-EU summits and APEC with an economic focus while the central political figure President Xi takes care of the US and other important countries, such as India and ROK. The reluctance to welcome the EU in the East Asia Summit (EAS) is another illustration. It is reinforced by the difficulty to understand the interplay of and decision-making among EU-institutions – 'Why two presidents for one summit?'. Similarly, the institutional relations with the Member States, the seemingly never-

ending concentration on the financial, euro and Greek crises by EU-leaders against the backdrop of the troubles in the Eastern and Southern neighbourhood, to which streams of refugees and a Brexit discussion were added, nourish doubts about the European project. It is a Herculean task to position the EU as a viable political player in Asia as explained by HRVP Mogherini at the Shangri-La Dialogue: "... the EU has a military dimension as well: our economic face is the one most Asians (and also most Europeans!) are more familiar with... So please, please don't look at us just as a big free trade area: the European Union is also a foreign policy community, a security and defence provider."¹⁷

A NETWORKED RESPONSE

Though integration was beneficial for Europe in the post-war period, one has to recognise that the appetite for integration in Asia is limited. In Asia-Pacific the existing models are firmly built on inter-governmental procedures, are pragmatic, functional and hardly legalistic. There is no indication for a growing willingness to move towards supranationalism, whose support is diminishing even in Europe.

This also explains why the Asian security architecture is weak. We observe a tendency to return to the traditional hub-and-spoke alliance system which automatically puts China into an isolated position as it neither participates in nor runs such a system itself. Following Cold War logic China perceives the 'US pivot' as containment policy, militarily and economically, and therefore pushes back. This could become the nucleus for the third scenario of a divided Asia which would not be in the EU's interest. However, the traditional alliance system has lost some attractiveness because of doubts in its sustainability by the hub (US), which leads to additional hedging operations (MOUs, agreements, intensified visiting diplomacy including M2M contacts, arms procurement, joint manoeuvres) in bi- or trilateral set-ups to avoid a security gap.

China will not be able to set-up a Sino-centric system. Firstly, because of the inherent weakness of a large developing country which is still catching up and which has to master serious challenges (in its financial and banking system including stock markets, environmental problems, social security and aging population) and secondly, because of the counterforces and hedging such a policy provokes (cf. Vietnam, Philippines, Myanmar). North Korea, a sort of only ally of China, will paradoxically turn into a test case as to whether China is an effective regional power: continuing its

nuclear ascent despite China's warnings reveals the limitations of China's influence.

This points towards the status quo scenario, although it is not the most desirable one as it lacks safety nets and valves to contain or better prevent tensions that may erupt into crises.

In domestic politics the Communist Party of China (CPC) is trying to square the circle of engaging in a potentially politically destabilising reform process deemed necessary and is therefore strengthening control over society as reflected in the recent passing of security laws which aim in particular at societal forces (NGOs, universities) as they can empower dissatisfied groups and individuals. The professed Rule of Law policy (as opposed to Rule by Law) caters toward the Chinese public opinion as does the anti-corruption drive. However, the latter potentially empowers institutions which are under the control of the CPC e.g. courts, the public administration and the People's Liberation Army (The latter's important role in domestic politics to protect the rule of the CPC was highlighted in the 2015 China's Military Strategy).¹⁸

The fourth scenario of a more integrated Asia is certainly the most attractive for the EU, as the EU's experience and its *raison-d'être* would be assets. Cooperation frameworks facilitate contacts as well as their diversification without necessarily antagonising one partner (China) on which most countries in the region depend economically. It presupposes that China is willing to settle in cooperative structures which happen to be the structures others are hedging in. The belated ratification of the 2010 IMF reform package on quotas and governance by the US Congress in December 2015 augmenting China's share in the Bretton Woods system contributed to plans for the creation of the New Development Bank and the AIIB. The same motivation holds for security-related organisations like Shanghai Cooperation Organisation (SCO) and other new Chinese forums competing with established ones, such as the Boao Forum with the World Economic Forum in Davos or the Xiangshan-Forum with the Shangri-La Dialogue.¹⁹

Engaging 'emerging' markets to avoid those becoming 'challenging' markets has become a necessary policy line. Thus, in order to preserve the liberal international system, international law and the Rule of Law there is a need for the EU to engage more actively with emerging countries in a spirit of openness and willingness to adapt and to reform on the one hand while standing firm on the principles on the other hand. Such a defence has to take the path of reform to make the international

system more responsive and increase accountability and ownership through effective participation. The EU has the experience of its own adaption through subsequent enlargements; it has advocated and promoted new institutions like the International Criminal Court (ICC) and new concepts such as fighting climate change. Instead of defending the status quo the EU can partner with the emergent powers, bring its normative power to bear, thereby strengthening its credentials as a formative actor. The role of international law as the decisive element in ordering the international system needs strong and continuous support, whether on the Crimean Peninsula or in the South China Sea.

LEVERAGING EU POLICIES

In such a volatile environment of change where powers vie for their rank in a new regional order which is not embedded in a regional security architecture, the EU needs to participate in making use of those instruments which reflect its strength as the largest economy in the world on aggregate; leveraging trade and development policies as well as the external dimension of other EU policy areas is the prime source of influence and also renders credibility. Activities in conflict management and prevention need a power base which allows power projection. This is also needed if the EU is called upon to act as a mediator, a function that it cannot perform efficiently without a power base. For the EU, as for any other international actor, trade policy is politics. This applies for the EU with its limited hard power options even more than for others. Therefore it also has a strong interest and incentive to keep this tool sharp and efficient. Trade agreements are part of the tool box. Therefore the EU has an interest to work with Asian partners to keep the large number of bi- and pluri-lateral, intra- and inter-regional trade agreements in line with WTO rules. Politically it makes sense to provide the various bilateral FTAs with Asian partners with an inter-regional framework e.g. an EU-ASEAN FTA.

An exchange of views with those countries participating in all FTAs (Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, Vietnam) could be a worthwhile exercise in multilateralism. While the EU cannot escape geo-politics it can shape geo-economics.

“ EU needs to make use of those instruments which reflect its strength as the largest economy in the world on aggregate: leveraging trade and development policies. ”

LESS IS MORE

Based on a principled policy (Art. 21.1) which means more than just referring to values, while taking economic and security interests into account, a focussed and functional approach to regions (SEA, NEA, SA) and individual countries (policy cards) should be developed with a few targets which translate into action a global strategy in **a few selected and therefore prioritised policies** related to global challenges like climate change, development goals, cyber security, space security and the promotion of democracy, human rights, Rule of Law while fighting death penalty. The intensity of cooperation will vary from country to country depending on the issue and the really shared and not just proclaimed or projected interests with a partner. Having invested a lot in democracy promotion in Myanmar seeing the process through would be a natural target. In a networked diplomacy cooperation comprises policy consultation with stakeholders in the region as well as with out of the region-partners like the US which may lead to tri- or other plurilateral cooperation.

“...the EU can play an important role also in Asia, not least as the promoter and guardian of the Rule of Law in international governance.”

FORMING FOREIGN POLICY CLUSTERS

Selecting a few policy fields where the EU and its Member States feel most competent to make a difference is better than trying to participate everywhere. This also means recognising the limitations due to the institutional set-up and the vocation of the EU: For the foreseeable future it will not turn into the United States of Europe, but will remain a strong regional organisation which strives to take the responsibility seriously which economic power generates, not more but also not less. Speaking with one voice or at least passing the same message would already have an impact while avoiding over- and underselling. Pooling resources, strengths, experience could also lead to foreign policy clusters coordinated by the EEAS with flexible participation by Member States depending on their interest/strength in a specific country/sub-region in forming country or issue teams. For the outside world coordination by the EEAS would project the European flag while internally the various tool boxes of the Commission could be brought on board.

An obvious strength of the EU approach is dealing with transnational issues which do not fit into classic geographical boxes e.g. climate change, health issues, cyber and space security. Policy dialogues on various levels within the EEAS and with Member States need to be better integrated to produce synergies for devising policies and tactics. An under-utilised tool is ASEM, the Asia Europe Meeting, whose 20th anniversary in 2016 could become an incentive to make better use of this dialogue forum which provides Europe an inter-regional forum without a US presence.

Concentrating on value-added areas in a multilevel manner and taking a comprehensive approach to foreign policy, complementing the efforts of Member States, the EU can play an important role also in Asia, not least as the promoter and guardian of the Rule of Law in international governance.

THE RULE OF LAW

Translating the promotion of the Rule of Law into action would add further credibility. The Treaty of Amity and Cooperation (TAC)²⁰ which the EU signed in 2012 would offer a possibility: As a signatory the EU could invite the co-signatories for a conference to discuss its implementation in the concrete context of the South China Sea (SCS). Thereby the EU could not only build on the treaty itself but also on the high esteem for it expressed by Asian partners. As the award rendered by the Permanent Court of Arbitration in the Philippines – China Case will not provide the solution but could provide essential elements, the diplomatic follow-up process will need not only guidance but also innovative ideas.

The Chair's Statement of the 27th ASEAN Summit (2015) reads

"17. We reaffirmed the Treaty of Amity and Co-operation in Southeast Asia (TAC) as the key code of conduct governing inter-state relations in the region and a foundation for the maintenance of regional peace and stability. We are resolved to further promote the purpose and principles contained in the TAC and agreed to further deliberate on the applications for accession to the TAC in accordance with its revised guidelines".²¹

These goals (*promotion of regional peace and stability through abiding respect for justice and the rule of law; enhancing regional resilience in mutual relations*) and principles (*mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations; the right of every State to lead its national existence free from external interference, subversion or coercion; non-interference in the internal affairs of one another; settlement of differences or disputes by peaceful means; renunciation of the threat or use of force; effective cooperation among themselves*) are highly relevant in supporting efforts to solving the maritime problems in the South China Sea. In March 2016 the EU 28 issued a Declaration on Recent Developments in the South China Sea, expressing support for the Rule of Law, dispute settlement including arbitration, concern over the deployment of missiles and militarisation and urging all parties involved to take confidence building measures.²²

Using the TAC principles as a common base, its signatories consisting of the South East Asian ASEAN countries and out of the region signatories like China and the EU, a conference could be convened on governmental level to discuss the concrete application of the agreed principles in the South China Sea. Such a track 1 conference on governmental level could usefully be prepared by a track 2 or track 1.5 conference for which the EU could take the initiative.

A similar approach was chosen with the EU's decision to host in 2016 a conference on Afghanistan, with the double purpose of contributing to the political solution as well as to pledge continued support to the new Afghan government as nation and peace building will be a long term project.

CONCLUSIONS

Firstly, a focussed approach drawing on the one hand on the strength, experience and know-how of the EU and on the other hand taking up issues where transnational cooperation is essential to achieve results (e.g. transnational challenges, effective multilateralism), would lead to functional cooperation on a few important **security issues** with prime focus on

- strengthening and participating in developing a regional security architecture,
- upholding the Rule of Law – in particular in the South China Sea – and the liberal international order,
- fostering global commons (climate change, cyber and space security),
- safeguarding of the EU's interest in Central Asia and Central Europe in light of the Chinese "One Belt, One Road" and ASEAN's connectivity initiatives.

Secondly, while pursuing a comprehensive approach to foreign policy through leveraging EU-policies, military-to-military contacts as well as a European cultural diplomacy could be added.

Thirdly, in implementing its Rule of Law and multilateralism principles, the EU could (i) invite fellow signatories of the TAC, to a conference to contribute to the solution in the South China Sea in the aftermath of the award of the Hague Tribunal; (ii) hold a conference on strengthening multilateralism in the regional trade regime; (iii) making better use of ASEM as the 'EU's forum' to promote its interests would complement this cluster.

Fourthly, in order to make best use of experience and resources the EEAS could form clusters with Member States on specific issues as part of a networked diplomacy.

Lastly, public diplomacy and outreach need to be intensified in Asia but also in Europe.²³

Such a focused approach to Asia, which is clearly wider than just a China policy (An Asia policy without China is not an Asian policy, but a China policy is not an Asian policy) will successfully maintain the momentum created since 2012.

Doing less may be doing more, because being consistent and coordinated doubles the weight. Credibility is the currency which buys respect, based on a plan of action designed to achieve the EU's long-term goals in Asia Pacific. ■

NOTES

- 1 Michael Reiterer contributes this article in his personal capacity.
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- 4 High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission.
- 5 Mogherini (2015), "Preface" p. 6.
- 6 M. Reiterer, 'The EU's comprehensive approach to security in Asia', *European Foreign Affairs Review* 19, No. 1 (2014); 1-21.
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- 8 J. S. Nye, *The Powers to Lead* (Oxford, 2008), p.43: "The ability to combine hard and soft power into effective strategy is smart power."
- 9 "The EU and Turkey agreed to implement the Joint Action Plan which will bring order into migratory flows and help to stem irregular migration. As a consequence, both sides will, as agreed and with immediate effect, step up their active cooperation on migrants who are not in need of international protection, preventing travel to Turkey and the EU, ensuring the application of the established bilateral readmission provisions and swiftly returning migrants who are not in need of international protection to their countries of origin." Meeting of heads of state or government with Turkey - EU-Turkey statement, 29 November 2015 at <http://www.consilium.europa.eu/en/press/press-releases/2015/11/29-eu-turkey-meeting-statement/>
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What Place for Asia in the EU's Strategy on Development Cooperation? Which Role for Europe in Asia? Any at all?

Thomas Henoekl

Key Points:

- Facilitate the implementation of the Sustainable Development Goals (SDGs) in the area of renewable energy (technology transfer), food security (trade) and maritime governance (fisheries and environmental protection);
- Take leadership on shaping and reforming international institutions and create development-friendly multilateral financial regimes and trade agreements favourable to least-developed countries (LDCs); and
- Adopt policies that provide knowledge, financing and market opportunities for sustainable food production and scale-up education (exchanges and partnerships) and healthcare programmes (access to vaccination, reproductive health and generic drugs).

PHASING OUT – AND FADING AWAY?

Does the new European Union (EU) development policy paradigm of differentiating and phasing out ('graduation') amount to a 'fading away' for Europe's role in Asia? Given the United States' (US) advance, with the Transpacific Trade Partnership (TTP) creating the world's biggest trade pact with eleven economic heavy weights in the Asia-Pacific region, Europe is clearly in the backseat and its ambitions of reforming global institutions in light of a sustainable international cooperation agenda may have been shattered. Is there no place left for a crisis-ridden Europe in a comparatively dynamic and thriving Asia?

This may be too dire an assessment, considering that the EU is still present as a major aid donor in 19 Asian countries,¹ implementing development assistance financed by the Development Cooperation Instrument (DCI) and directed to the eradication of poverty, green growth, promoting regional trade and integration, as well as good governance to support political and social stability.

The European Commission's regional Multiannual Indicative Programming (MIP) for Asia is committing EUR €889.5m for the period between 2014 and 2020. According to the MIP, "EU-Asia relations are expanding, and the EU is seeking an increasingly close relationship with Asia, going beyond traditional cooperation, to encompass economic integration and political cooperation."² Nevertheless, for a growing number of middle-income countries (MICs), the reform of EU development policy means that financial support will be considerably reduced or phased out altogether. This will, for example, be the case for Malaysia, the Philippines and Vietnam and a number of Pacific island states (such as Fiji, Papua New Guinea, Timor Leste and Vanuatu), where it is yet not clear what form of cooperation will replace development aid and what shape the EU's relations with these graduated countries will take.

Despite the commitments made in the 2006 EU Strategy titled '*EU Relations with the Pacific Islands*', it is the last region under the African Caribbean Pacific (ACP) regime where no Economic Partnership Agreements (EPAs), facilitating preferential trade with the EU, have been concluded.³ Instead, during the past funding period, the Commission was pushing its sustainable energy agenda in the region through its 'SWITCH-Asia' programme.

Support for sustainable consumption and production (SCP) continues to be central in the 2014-2020 MIP. Furthermore, climate and sustainability were also identified as the main foci of cooperation in the 2012 Joint

Communication *'Towards a renewed EU-Pacific Development Partnership'*.⁴ The present ACP Partnership Agreement⁵ ends in 2020, and a major reform is looming, where some EU member states would rather prefer to do away with this to some extent anachronistically post-colonial aid scheme. This situation only increases unpredictability and the uncertainty among Asian ACP countries.

'Aid to Uprooted People' (AUP), providing an important contribution to Linking Relief, Rehabilitation and Development (LRRD) in crisis contexts, also remains available to countries which may no longer benefit from bilateral DCI allocations. Least-developed countries (LDCs) within the region will continue to depend on EU budget support and funding of programmes. What is more, with regard to trade relations, in a number of cases the EU grants its Generalized System of Preferences (GSP) or the Everything but Arms (EBA) scheme to developing countries. These systems provide formal exemptions from World Trade Organization (WTO) rules for some 25 countries in Asia and the Pacific region.⁶ At times, the EU uses a 'carrot and stick' approach of conditionality in applying these preference schemes to promote human rights and sustainable development.⁷

In transforming its development paradigm into 'cooperation beyond aid', Europe offers Partnership and Cooperation Agreements (PCA) or Free Trade Agreements (FTA). Such agreements, representing a further shift of emphasis from aid to trade, were concluded with better-off Asian/Pacific nations, namely Australia, Japan, Indonesia, Malaysia, Mongolia, New Zealand, the Philippines, Singapore, South Korea, Thailand and Vietnam. The first EU-Asian FTA was concluded with South

Korea in October 2010, and another one was signed with Singapore in December 2012. Further FTAs are being negotiated with India, Japan, Thailand, Malaysia and Vietnam. Here, the most powerful image is that of 'differentiation', where aid policy is combined with trade and other external policy tools to achieve better results.⁸ This approach has been adopted in the Union's 2011 *'Agenda for Change'*, to face an ever more rapidly transforming international context.

Some have accused the EU of subordinating development concerns to trade interests or its wider foreign policy concerns, and as being 'overshadowed by superpower temptations'.⁹ In these accounts, the EU approach to the trade-development nexus has been characterised as an instrument to promote EU commercial interests. This conflict is frequently reflected in the outcome of the EU's engagement, as in the case of trade liberalisation. Lacking coercive means, the EU has since long been using foreign aid, as well as trade, as an instrument of structural power to promote its interests, to enhance its own visibility and to establish itself as an important international actor.¹⁰

The *'Bandar Seri Begawan Plan of Action to Strengthen the ASEAN – EU Enhanced Partnership (2013–2017)'* foresees ASEAN–EU cooperation in global public policy, involving the main United Nations (UN) bodies and other organisations within the UN system, as well as the ASEM and the G20 formats in order to strengthen the multilateral system and, where appropriate, to develop joint positions. The Plan of Action includes a wide array of initiatives, ranging from 'cooperation on human rights' to 'support[ing] the work of the ASEAN Intergovernmental Commission on

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Human Rights (AICHR)...through regional dialogues, seminars, awareness raising...and capacity building,' as well as 'cooperation in the field of economic and social policy' broadly conceived.¹¹ It also mentions the EU's ambition to "contribute to sustainable and inclusive growth, social cohesion", the promotion of gender equality, and "building disaster resilient communities," as well as fostering knowledge and technology transfer through "enhancing cooperation in education, health, and promoting people-to-people contacts."¹²

As part of these initiatives, in October 2015 the EU and ASEAN held their first policy dialogue on Human Rights as part of the AICHR's visit to Brussels together with the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC), the ASEAN Committee on Women (ACW), the ASEAN Committee on the Implementation of the ASEAN Declaration on the Protection and Promotion of the Migrant Workers (ACMW) and the ASEAN Secretariat (ASEC).

Involving Asian and European civil societies, the Asia-Europe Foundation (ASEF), as well as joint EU-Asian academic or leadership training programmes, may serve as examples of furthering the governance goal of inter-cultural understanding, cooperation and exchange of good practices, by supporting civil society, education and labour mobility. An interesting example is 'Erasmus +', a Asian-EU higher education exchange programme to facilitate knowledge transfer and skill development, which the EU sees as 'a strategic sector for sustainable development and poverty reduction in Asia'. This scheme, highly welcomed by Asian partners, is funded through the DCI with €370.5m in the period 2014-2020, which comes on top of the €889.5m earmarked for the same period for the Regional Asia MIP.¹² As a side effect, different features of such multiple inter-regional facilities are creating indirect incentives (homogenisation pressures) for Asian counterparts to develop and adopt EU-like policies, programmes and activities in order to be able to function as a partner. Such learning effects by spillover may also be seen as a motor for regional development.

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DISCUSSING THE ROLE OF DEVELOPMENT IN THE EU'S ASIA STRATEGY

Given its multiple internal crises and the foreign policy focus directed towards the (Southern) neighbourhood, the risk is that the EU's Asia strategy and external action will be determined and driven by outside events and developments. Rather than proactively making a strong bid for European engagement in Asia, the EU approach seems to be reactive and hesitant.

With the financial crisis in Western, notably European, countries and the rise of new powers, important changes have also occurred in the international development landscape. First and foremost, China is increasingly central among the 'new donors' in shaping trade and development cooperation in Asia, and has by now certainly become a game-changer. In its own role perception as an actor of international cooperation, the EU promotes sustainable development, inclusive growth and equitable trade, and through this, global peace and security. In contrast, China's primary intentions are frequently portrayed as less altruistic and as directly linked to political and economic ends.¹⁴

In the strategy debate, growing attention is paid to the connection between interest-driven foreign policy and the specific characteristics and priorities of the development and humanitarian sectors. Environment, education, health, but also security, trade and financial policies all are seen as interdependent issue-complexes, frequently referred to as the security-development, the development-trade, or the security-development-migration nexuses.

The current reform ambitions in several of these policy areas, the new EU strategy process and a new global development paradigm epitomized in the 2015 Sustainable Development Goals (also known as SDGs and 2030 Agenda for Sustainable Development) highlight a gradual shift of focus in the EU's mode of external engagement.

From the EU's perspective, synergy effects are expected in the areas of conflict resolution and crisis management, promoting democracy, rule of law and stability with economic cooperation and development. Without security, comprising the dimensions of traditional and non-traditional security issues as well as human security, it is impossible to create sustainable development and public welfare. On the other hand, in order to create lasting peace and stability, it is necessary to build resilient communities, maintaining economic activities to sustain the livelihoods of local populations. Equitable trade in turn increases the chances for prosperity, while at the same time peace and a certain economic level are necessary to enter into fair and mutually beneficial exchange of goods and services. Economic activity and trade entail interdependence and may help stabilise fragile societies and regions. They have also been seen to play an important role for achieving crucial indicators of the SDGs.¹⁵ Finally, states and societies, as well as ethnic or religious communities, that are tied together by trade relations are generally less likely to resort to violence to manage social or political conflicts and to fall victim to 'fragilisation' or institutional failure.

Periodic refugee streams from conflict regions and the generally increasing levels of migratory flows – in Asia as well as in Europe – and at the same time, the positive return on investment in many areas of international cooperation and development, put the spotlight on the central importance of engaging in these long-term and multi-effort challenges of engineering resilient societies and building sustainable economies. For policy-makers, the specific challenge lies in ensuring policy coherence between security and stability, democratic values, long-term economic development and the independence

of humanitarian policies at several governance levels.

The next section examines the EU's ambitions and its potential to promote emerging transnational governance structures and global public policy crossing the sectors of development, security and conflict management, trade and migration and climate and environment. Fundamentally, reform of international regimes and institutions, to make them inherently development-friendly, is vital for sustainable development. Such reforms can also achieve buy-in for global public policy, prevent or solve conflicts and mitigate future security risks. As a soft power or a 'normative power', the EU and its member states are expected to help orchestrate the global community via international organisations to make these reforms happen.

KEY PRIORITIES FOR AN EU ASIA STRATEGY

The EU takes pride in its key role in negotiating the 2030 Agenda for Sustainable Development, agreed in New York in September 2015 by all UN member states. Neither individual countries – nor the EU – have the means to address global threats and challenges. Terrorism, armed conflict, communicable disease or climate change require joined-up approaches across policy sectors and national borders. Europe therefore also actively promotes multilateral global governance structures and international development by emphasising region-to-region interaction and thereby promulgates its own model of regional integration in other geographic areas.

The EU has provided considerable regionalisation support in Asia over the last 20 years.¹⁶ Moreover, the 2014-2020 MIP affirms the intention to continue this policy. But can the EU model be successful in an Asian context, where the rivalry between the US and China results in power politics and heightened security concerns? The presence of a regional hegemon and the absence of an existential threat are rendering it unlikely that Asia will establish effective regional governance mechanisms.¹⁷

By showing what 'orchestration'¹⁸ can do for global public policy-making, the argument presented here highlights potential venues for inter-regional engagement to the benefit of economic cooperation, trade and knowledge transfer, to facilitate growth, decent jobs, health and well-being, resulting in regional development, stability and resilience.

Orchestrating, remotely governing via the coordination of intermediaries and targets, such as international organisations and third countries, could considerably further capability to the EU's ambitions to promote innovative elements of global public policy and emerging transnational governance structures. Countering this effect, the growing dependency of a number of low-income countries (LICs) on Chinese investment and cooperation activities are increasingly raising concerns among policy-makers. The fact that the EU did not, in its own right, contribute to the establishment of the Asian Infrastructure Investment Bank (AIIB) in March 2015, while fourteen of its member states did, may be interpreted as a lack of coordination and a missed opportunity.¹⁹

While the EU has in the past projected an image of being a value-driven actor for global development – albeit with some discrepancies between discourse and action – it now seems to be awakening to a changing global order, where the promotion of political and economic self-interest has returned to the debate about European foreign policy and its post-2015 development agenda. The discussions so far seem to boil down to a rather straightforward rationale: if the EU wants to be a credible global actor that matters, it has to promote its own agenda and interests through its external activities to put itself in a position where it is able to shape the future of international cooperation.

Simultaneously, given the tide-like rise of tensions in the South East China Sea, a peaceful and prosperous Asia is of European strategic interest in terms of international security and global economic development.²⁰ Moreover, the tacit support for the North Korean leadership in the face of Pyongyang's persisting provocations put global security at stake.

Institutionally the EU may use its internal experience with deliberation and coalition-building processes, and its natural inclination towards negotiated order, as an example for regional cooperation elsewhere. The EU's 'compulsive multilateralism'²¹ may further help 'governance transfer'.²² Reshaping the global institutional architecture, and implementing the key tenets of the 17 SDGs, may also provide an opportunity. Has Europe become less attractive a partner or are the measures to secure European economic and financial stability recognised as examples of successful or adequate crisis management? This is important for the credibility of the European project, evidence of solidarity and loyalty as an example of reliable and steadfast mutual support. Smith²³ suggests that the EU's

“ The 2015 Sustainable Development Goals highlight a gradual shift of focus in the EU's mode of external engagement actor. ”

external influence 'has been damaged by the revelation of its own vulnerability in the light of the Eurozone debt crisis and the appeal of the EU as an extra-regional partner has been tarnished by its internal economic and financial travails'.

In particular, the responses of two regional powers in Asia will be of interest here: Japan's and China's reactions may be informing Asian perceptions of the EU's problem-solving capacity and ability of joint crisis management, in short its attractiveness as a partner and as a model to emulate. An undemocratic drift in some EU member states, the threat of undoing the Schengen agreement and a looming Brexit further increase scepticism. Similarly, how Europe deals with its refugee crisis and whether an approach of humanity and solidarity will prevail, may be decisive for the EU's credibility as a force of good and a moral authority that can legitimately offer advice and profess its values elsewhere.

RECOMMENDATIONS

EU foreign policy has long been criticised for the divisions and strict separations between policy sectors, a direct effect of the hierarchical organisational structure with different vertical 'competence-fiefdoms' next to each other. The EU's institutional heritage reveals a built-in tendency to keep different areas of external action apart, segregating competencies and responsibilities between EU and member state levels, hampering coherence and collective action. Therefore, the EU has to get its house in order, making sure that it remains an attractive partner for developed as well as developing countries.

Recurrent references to a post-prosperity EU and its reduced action-capacity due to the financial crisis (as opposed to the EU at its peak in 2003 when the first Security Strategy was adopted, and in contrast to a – until recently – rapidly growing China), highlight increasing interdependencies and call for more

cooperation. China's New Silk Road initiatives and the previously mentioned AIIB, established in 2015, are expressions of China's efforts to develop infrastructural ties with Central and Southeast Asia, as well as Europe. From a perspective of global sustainable and inclusive development, the EU has both strong interest and potential to contribute and to play a proactive role in the region. Through consistently engaging with its Asian partners, the EU (together with the US) may have a certain influence on China. It could exercise its 'socialising' force to nudge China to respect common norms and practices, and thereby help integrate China into the international community.²⁴ An informed debate about a European grand strategy needs to address the issue whether the EU has or how it could acquire alternative 'smart-power' capacity to provide leadership in the quest for a negotiated international order as a crucial global public good.

EU-Asia interregional relations are a vehicle for the promotion of global development, since in essence inter-regionalism is a form of multilateral cooperation, as stated by Scott "a way of acting that involves several states [...] working together as a matter of practice".²⁵ In doing so, EU development policy will need to focus on ways of jointly orchestrating multilateral cooperation, international norm-setting and regime building.

With this priority, the ASEAN-EU relationship becomes a key venue for orchestration of both sides' preferences for a multilateral global governance architecture. Here, the EU should engage in structural adjustments of international regimes to make them more inclusive and sustainable. **Europe could take a leading role in improving the development focus of plurilateral trade agreements**, such as the Regional Comprehensive Economic Partnership (RCEP) in Asia, Trade in Services Agreement (TISA) or the Environmental Goods Agreement (EGA), and in promoting the respect of labour standards, workers' and human protection, in particular women's and children's rights.

The EU ought to exercise leadership and coordination in shaping global agendas and public policies as conditions for development, particularly in the area

of trade, tax, investment integrity (e.g. impacting on livelihoods and food security). Global financial institutions need to become 'inherently developmental'. Simultaneously, EU policies require development mainstreaming, notably in the areas of agriculture and food security, trade and financial flows (including global integrity standards to fight corruption and tax evasion). Attention also has to be paid to problematic issues such as resource extraction, environmental degradation and deforestation, land grabbing and maritime governance. And finally, best practices could be exchanged on healthcare and education policies, technology and skills transfer; migration, labour mobility and interconnectivity of societies.

The one way to achieve this is to put development at the centre of the EU's wider foreign policy, to make sensible use of synergies from different policy areas, and to organise external action capacities for attaining maximum coherence and efficiency. A first step is to **improve donor coordination between the EU and member state levels, e.g. through joint programming of aid**.

Europe should grant **LDCs unrestricted market access and eliminate export subsidies for industrialised countries at domestic, regional and multilateral level**. In Southeast Asia, efforts should be made to invest in infrastructure, agricultural extension services, biodiversity research and training to ensure the functioning of local commodity markets and to limit price volatility.

Additional action is equally needed on climate change, green growth, environmentally sustainable and fair trade, shared technology and innovation, macro-economic coordination, as well as common standards and commitments in the area of migration. Needless to say, the EU's own performance in this area will be crucial for its credibility as a model. To achieve its goals, the EU needs a proactive and engaging approach, setting ambitious goals and ensuring coherence with the 2030 Agenda for Sustainable Development. For this it needs to win the support of its Asian partners. ■

NOTES

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Stepping up EU-ASEAN Cooperation in Non-Traditional Security

Reuben Wong and Scott Brown

ASEAN statesmen and scholars have often noted that despite the European Union's (EU) economic weight in Asia, Europe does not enter regional countries' strategic calculations to the same degree as the United States (US) does.¹ They typically point out that a European long-term strategy towards ASEAN, as a key piece in the Asian puzzle, is missing. We suggest that the EU can and should step up its security cooperation with ASEAN, and that it needs to demonstrate political interest and solid engagement the way the US has been doing in recent years. An impactful and mutually beneficial way to do this is through enhanced cooperation on the non-traditional security (NTS) fronts of counter-terrorism and disaster relief.

Key Points:

- The EU is a major economic actor in Southeast Asia; but it can and should step up its non-traditional security cooperation with ASEAN.
- It needs to demonstrate political interest and solid engagement in Southeast Asia in high-visibility activities.
- The EU should look to its soft power tools as the main channel for building human security in the region.
- An impactful and mutually beneficial way to do this is through enhanced cooperation on the non-traditional security (NTS) fronts of counter-terrorism and disaster relief.
- Contributions to regional Search and Rescue (SAR) operations will also increase goodwill towards the EU in the region and potentially open new avenues for cooperation in other non-traditional security areas.
- The EU should encourage programs that will strengthen ASEAN, and in particular the Secretariat, by increasing financial resources.

The EU's predilection for regional cooperation is a long-established component of its external relations, reflecting its very nature,² and in recent years this has broadened to incorporate NTS issues. Inter-regional cooperation is most promising in the EU's relationship with ASEAN. The concept of 'human security' can be applied to a wide range of NTS challenges in the Southeast Asian region. Framing problems on the basis of threats to human security increases prospects not only for the EU's engagement in this growing and dynamic part of Asia, but simultaneously encourages greater intra-Asian cooperation.

The EU already participates in many Asian security fora;³ although these institutions are "still nascent in developing a strong sense of regional community", they have deepened and broadened over time, and present the greatest opportunity for the EU to facilitate and shape further cooperation and development.⁴ In Asia, ASEAN arguably constitutes the primary point of interregional cooperation for the EU. The two are, according to the European External Action Service (EEAS), "natural partners" which "share...the same DNA".⁵

EU scholars and EEAS officials have argued that the EU already contributes to security in Southeast Asia in various ways, e.g. police training, elections monitoring, human rights workshops, etc.⁶ We do not take issue with the EU's investment and efforts. But we suggest de-emphasising the state to allow the EU to sidestep regional sensitivities to perceived infringements of sovereignty, and concentrating resources on efforts which are most visible and highly appreciated. EU-ASEAN cooperation could be better framed as "security cooperation" in NTS areas, which are of real and present importance in both ASEAN and the EU. We explore this in two areas: Counter-terrorism and Humanitarian Assistance and Disaster Relief (HADR). At first glance these may appear to be quite separate issues, but in fact effective strategies for tackling one contributes to dealing with the other. HADR capacity-building efforts improve living conditions and local infrastructure, thereby alleviating problems correlated with the prevalence of terrorism. Stemming the terrorist threat can restore trust in the local/national government and reduce challenges faced by governments and NGOs when undertaking HADR operations.



Non-Traditional Security threats, by their nature, do not respect borders and therefore it is impossible for any individual actor or state to develop a comprehensive solution autonomously. ”

WHY FOCUS ON HUMAN SECURITY?

NTS is a term which has been adopted in both policy and academic spheres to describe non-military threats. The range of possible sources of NTS threats is vast, encompassing threats emanating from agents (e.g. terrorists), events (e.g. natural disasters) and processes (e.g. climate change). NTS threats, by their nature, do not respect borders and therefore it is impossible for any individual actor or state to develop a comprehensive solution autonomously. Cooperation at multiple levels – i.e. local, national, regional, inter-regional and global – is essential.

NTS requires a different approach to traditional security, dealt with from state-centric perspectives. We suggest a human-centric approach, allowing issues to be framed as threats to ‘human security’. This is a broad concept which encompasses both traditional (military) and non-traditional (non-military) threats to individuals.⁷ For the purposes of our discussion, we concentrate on the latter. Conceptually, the referent object is individual humans, groups or societies, rather than states which have conventionally enjoyed centrality in discussions of that which is to be secured.⁸ In short, ‘NTS’ is used to denote a category of threat and help identify the sources of threat/insecurity, whereas ‘human security’ identifies the referent object (that which is threatened) as humans either individually or collectively.

I. COUNTER-TERRORISM

The EU views terrorism as a problem to be tackled through law enforcement rather than military means. The aversion to using ‘traditional’ (military) tools is argued by many to be appropriate in light of terrorism’s non-traditional nature. The European Security Strategy identified terrorism in the Asia-Pacific as a viable threat not only within the region but also to ‘European countries or their citizens’.⁹ The November 2015 Paris attacks reiterated the dangers currently faced, resulting in some 130 deaths and leading to the first-ever evocation of the mutual defence clause in the EU.¹⁰ Cooperation in this domain has been frequently pressed by the EU as a necessity for European and global security. The EU has pursued cooperative action such as promoting law enforcement reform in Indonesia as a means to combatting terrorist groups.¹¹ The Bandar Seri Begawan Plan of Action (2013-2017)¹² to strengthen EU-ASEAN relations called for a ‘substantial EU contribution’ to regional security, including counter-terrorism. This included Track-2 processes between government agencies and academia, working through institutions such as the Southeast Asia Regional Centre for Counter-Terrorism with a view to addressing terrorism’s root causes.¹³

Regional cooperation on counter-terrorism is manifested through the ARF’s Inter-Session Meeting (ISM) on Counter-Terrorism and Transnational Crime (CTTC). Here, the EU has disseminated advice and highlighted how European cooperation works, emphasising the potential to translate this mode of cooperation – to some degree – into the Asian context. For example, the 13th CTTCISM discussed the EU’s joint-border management experiences, with a focus on inter-agency cooperation and cooperation with regional/international partners. Participants discussed the ‘necessity’ of developing ASEAN border management principles, whilst acknowledging that following the EU model would ‘not be easy’.¹⁴ Dialogue is also

backed up by funding: the EU-ASEAN Border Management and Migration Programme - which exists outside the ARF, but nevertheless contribute to the EU's overall aims - will provide €3.2 million during 2015-18 to facilitate regional integration and strengthen networks between law enforcement agencies.¹⁵

Southeast Asia is home to a number of terrorist organisations, including Jemaah Islamiya,¹⁶ Jemaah Anshorut Tauhid and the Abu Sayyaf Group.¹⁷ Countries acutely at risk include Indonesia, Malaysia, the Philippines, and Thailand. Europeans are generally more preoccupied with domestic threats and turmoil in the Middle East, but with reports of Southeast Asian nationals travelling to join the Islamic State (IS) and potentially carry out terrorist attacks in Europe and back home, there is good reason for the EU to engage at the regional level. The Soufan Group's research¹⁸ indicates that, in total, approximately 5,000 Western Europeans and some 900 Southeast Asian citizens have travelled to Syria and Iraq. The Malaysian government is concerned that IS members trained in the Middle East were planning suicide attacks in Kuala Lumpur and Sabah following reports of IS militants entering Thailand.¹⁹ Indonesia has been the target of several terrorist attacks, most recently the central Jakarta bombings of 14 January 2016. This prompted Thailand's deputy Prime Minister to call for increased intelligence exchange and cooperation between ASEAN nations.²⁰

Strategies for preventing the radicalisation of citizens at home, preventing travel with the intent of joining IS, and preventing radicalised individuals from returning home to carry out terrorist attacks are three key challenges faced by European and Southeast Asian governments. This presents an area ripe for the exchange

of knowledge and the development of complementary strategies, thus the EU should look to propose initiatives through the ARF or other relevant security forums.

The ARF's 2015-17 CTTC Work Plan²¹ cites a "growing consensus on the nature of [terrorist] threats" partly thanks to established dialogues. Cooperation 'projects' on the Priority Areas are undertaken and financed by the leads, involving one or more of the following: voluntary training courses, capacity-building workshops, ARF Pilot Projects (technical assistance or capacity-building using the ARF Fund), and multilateral table top/field exercises (testing implementation of regional/international agreements, modes of communication, or voluntary intelligence sharing/coordination). The EU's 'domestic' experience with cooperative practices across national borders provides a good opportunity to share 'best practice' experiences, and potentially allows it to initiate new regional cooperative practices on a small scale.

Challenges will persist for meaningful EU-Asian interregional cooperation on terrorism due to varied perceptions of threat, different preferences for dealing with threats, the limitations of EU competence (Beyer termed it a 'weak' security actor in counter-terrorism),²² the extent to which Member States are willing to act collectively, and the extent to which Asian countries are willing to cooperate. ASEAN states such as Indonesia, Malaysia, Brunei, Singapore, Thailand and Philippines have well-developed counter-terrorist strategies - including anti-Islamic radicalisation/extremism - and thus have much to share with Europe in this regard, especially in counselling methods and rehabilitating radicalised youth who have been attracted to join Al Qaeda, Abu Sayyaf, IS or other extremist groups around the world.²³

“ ASEAN states such as Indonesia, Malaysia, Brunei, Singapore, Thailand and Philippines have well-developed counter-terrorist strategies - including anti-Islamic radicalisation/ extremism - and thus have much to share with Europe. ”

II. HUMANITARIAN ASSISTANCE AND DISASTER RELIEF (HADR)

An underestimated area of NTS cooperation which the EU needs to refocus on is humanitarian assistance and disaster relief (HADR). In 2014-15 alone, Southeast Asia was the scene of several high-profile natural or man-made disasters; the 2015 haze which blanketed the region in August-November (the worst and longest-lasting air pollution on record in Southeast Asia), the protracted crisis of migrants stranded at sea, the disappearance of MH370 in March 2014, and the Air Asia QZ8501 crash in December 2014.

The EU is in an excellent position to make disaster relief one of its specialist strengths. It already participates in the ARF which draws in a larger number of actors to discuss security, and has “provided participating nations with some confidence-building measures and a platform for exchange of ideas and values”. The EU’s role in conflict resolution, elections monitoring and state re-building in Aceh, Indonesia after the 2004 tsunami was widely applauded in the region. It has experiences of multilateral cooperation between states, militaries, police and local communities in the Mediterranean (such as the Maritime Security Strategy) which could be of great interest and a useful model for multilateral cooperation to promote maritime security in maritime Southeast Asia.

In 2015 Southeast Asia faced a migration crisis, with Myanmar’s Rohingya Muslims fleeing persecution and seeking refuge in other countries, including Indonesia, Malaysia and Thailand.²⁴ Refugees spent months at sea, with reports of some ASEAN nations’ navies turning vessels back, even in instances where hundreds on board had already died.²⁵ The BBC conveyed reports²⁶ of around 100 people dying on a boat following the outbreak of a fight over the remaining food. Around this time, the International Organization for Migration estimated that up to 8,000 were stranded at sea.²⁷ Clearly a desperate situation, no individual Southeast Asian nation can resolve such crises on their own.

In the Mediterranean, the EU and its member states have been faced with thousands fleeing from the Middle East and North Africa. As a result of overcrowded, unseaworthy vessels and an (initially) inadequate response, an estimated 3,500 died in 2014, with a further 2,500+ by August 2015.²⁸ However, the launch of Frontex’s Operation Triton in late 2014 had a positive impact, with almost 60,000 lives reportedly saved at sea in 2015.²⁹ Frontex’s remit is border control, not Search and Rescue (SAR);³⁰ yet, the success of its Mediterranean operation

demonstrates what can be achieved cooperatively. The lessons learned here should be communicated to ASEAN nations to identify opportunities for greater regional cooperation and resource-pooling. ASEAN need not clone Frontex, instead it could examine how resources were coordinated and deployed, and the EU should look to offer expert advice and training to facilitate greater coordination. The EU should emphasise how this will ensure human security, although there will be the added benefit for ASEAN (and individual nations) of avoiding at-sea catastrophes which create humanitarian disasters and inflict reputational damage.

Crises have provided conditions in the Southeast Asian region for considering creative solutions involving forms of governance beyond the traditional ‘ASEAN Way’ of non-interference and sovereignty. ASEAN only began considering delegating powers to central institutions (mainly the Secretariat) with the advent of the ASEAN Free Trade Agreement (AFTA) in 1991. But the pace and extent of such delegations – which go beyond the ‘ASEAN Way’ of strict non-intervention and inter-governmental agreements – has increased over the years with agreements on the Chiang Mai Initiative (1998), transboundary haze pollution (2002), the ASEAN Charter (2007) and AICHR (2009).³¹

Importantly, the ARF has been identified as the core of the regional security architecture in the coming years, with cooperation on NTS challenges an explicit objective.³² Concerns over infringements of national sovereignty in the past often stymied efforts to promote cooperation in SAR and HADR missions. But following the 2004 Boxing Day earthquake and tsunami which caused over 130,000 deaths in Indonesia alone, and Cyclone Nargis which devastated Myanmar, legal arrangements and regional/international cooperation in detecting and responding to such natural disasters have been making steady progress.

Both counter-terrorism and HADR have been listed as key priorities in the ARF. Four ARF Disaster Relief exercises (DiREx) have been held (2009, 2011, 2013 and 2015). In the May 2015 ARF DiREx, co-hosted by Malaysia and China, over 3,000 participants from 21 ARF member countries, and eight international and regional organisations took part.³³ The EU took part in the table-top exercise but the absence of member states and EU men-in-uniform from this latest exercise was noticed.³⁴ The EU (EEAS, ECHO) and Member States (Belgium, Austria and Luxembourg) had taken part in 2013, but their reduced participation in 2015 reinforced the Asian perception that “the EU is not a security actor”.³⁵

Notwithstanding perceptions, the EU and its member states have extensive experience in this field, as well as a range of capabilities which could be deployed in these exercises to demonstrate to other participants what is technically possible. Sustained engagement with these exercises and knowledge transfer are two approaches the EU could commit to in order to shape regional responses to crises. Without a sustained physical presence in the region, the EU is not in a position to be able to offer rapid responses to regional humanitarian or natural disasters. However, it can protect human security in Southeast Asia by building the capacity of regional actors to do so.

“The EU can protect human security in Southeast Asia by building the capacity of regional actors to do so.”

CONCLUSIONS

ASEAN has been the key actor promoting regionalism in Asia. It was behind the genesis of ASEAN+3, the East Asian Summit and the ARF. Regional powers like China, Japan, and South Korea would rather trust ASEAN than each other or an external actor like the US to be in the driver's seat of Asian regionalism. However, almost a decade after the ASEAN Charter, the ASEAN Secretariat is still short on funding and other resources (its budget is under US\$20 million a year), and it lacks the power to initiate policies (ADB Institute 2015). Programmes to strengthen ASEAN, whether from member states or third parties, should be encouraged. Any EU activities would have to bear the Secretariat's structural limitations in mind and not expect too much from ASEAN in terms of what can be done, how quickly, and without extensive consultation between the members.

The EU should increase its contribution to the ARF and to the Asia-Europe Meeting (ASEM) in high-profile human security activities like the two outlined above. The EU has used its soft power resources to good effect in the past. These could be channelled towards working more closely with ASEAN partners to build greater human security in the region. It was a key player in activities to resolve the long-standing conflict in Aceh and in human development activities across developing Asia. But it was absent in high-profile international efforts for the search for MH370, the search and location of QZ8501 in 2014, and the important regime-building ARF DiREx exercises which even Russia takes part in. SAR and HADR efforts are important opportunities for countries and organisations to showcase their political and civil-military coordination prowess, and for governments to boost their image, building goodwill abroad. The role of the EU in this important ARF exercise in Asia has been minuscule or non-existent, and must be significantly increased if it wishes to be taken seriously as a political and/or security actor in the region. ■

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Shifting Dynamics of Cooperation on Environment and Climate

Diarmuid Torney

Key Points:

- The COP21 climate conference in Paris delivered a landmark climate agreement. Against this backdrop, the landscape of global climate and environmental politics is evolving rapidly, with the prospect of multiple focal points of climate leadership around the world.
- With the end of development cooperation funding for China and India in particular, the EU needs to build cooperation that allows for mutual lesson-learning and joint technology development.
- The EU should work with the United States to build strategies of joint engagement with Asian partners on climate environmental issues.
- The EU should also develop more robust mechanisms to manage trade tensions that are likely to grow more intense over the coming years.

The landscape of global climate and environmental politics is evolving rapidly. The COP21 climate conference in December 2015 concluded the landmark Paris Agreement, which will guide global action for the period to 2030. Gone are the days when the EU could claim to be a sole leader on the issue. The United States (US) has re-joined the game, while China, India, and other emerging economies are also developing significant strategies to combat climate threats. This changes the context for European Union (EU) engagement with the Asian region on climate. As China, India, and Korea amongst others push ahead with low-carbon development, the EU needs to build cooperation that allows for mutual lesson-learning and joint technology development. The EU needs to work more closely with the US to build strategies of joint engagement with Asian partners. The EU must also develop more robust mechanisms to manage trade tensions that are likely to grow more intense as more focal points of climate leadership emerge over the coming years.

The EU has historically claimed an international leadership role in the area of climate change policy, as well as a wider array of environmental governance. During the 2000s, the US took a backseat on the climate issue under the presidency of George W. Bush. Against this backdrop, the EU led the way in developing a suite of policies to respond to climate change. These included the flagship EU Emissions Trading Scheme (EU ETS), which commenced in 2005. The EU-ETS has had a challenging first decade and has been subject to fierce criticism, but stands as the world's largest carbon market. The 2009 Climate and Energy Package developed a set of policies to achieve the EU's climate and energy targets for 2020.

The COP21 climate conference in December 2015 reached consensus on the Paris Agreement, a landmark deal among the countries of the world which provides a roadmap

for climate action to 2030. Along with the masterful diplomatic performance by the French Presidency in bringing COP21 to a successful conclusion, the EU played a pivotal role in driving the talks towards a positive outcome. This stands in marked contrast to the EU's disappointing performance at the ill-fated COP15 conference in Copenhagen six years earlier.

COP21 cemented a shift in the global geopolitics of climate which had been underway for some time. The old division of the world between developed and developing countries has not disappeared, but in important respects Paris represented a new departure, and the global landscape has become significantly more complex over the past five years. In the US, President Obama has engaged significantly with the issue during his second term. Meanwhile, emerging economies, including China and

India, are increasingly taking steps on the path towards a lower-carbon—though perhaps not yet a low-carbon—future.

This new policy landscape has significant implications for EU-Asia climate relations, and the ways in which the EU engages with the Asian region on this crucial aspect of regional and global governance. Nowhere is this more evident than in the case of China and India, two of Asia's most pivotal players who are also crucial, albeit to differing degrees, to global efforts to respond to climate change.

DEVELOPMENT OF THE EU'S ENGAGEMENT WITH ASIA

Climate change featured as a cross-cutting theme in the 2001 EU Asia Strategy, with references to the need to build climate into the EU's bilateral relations with Asian partners including through development cooperation, as well as a desire to cooperate in multilateral global forums such as the UNFCCC.¹ Over the intervening years, the EU has developed its relations with the Asian region, including through regional forums such as ASEM and ASEAN, and also at the bilateral level.

As the regional and global environmental footprint of the Asian region has grown over recent decades, climate change as well as other environmental challenges have featured increasingly prominently in these relationships. The Asian region will continue to be a region of critical environmental concern, with China alone accounting for close to one-third of

global greenhouse gas emissions. As the EU's own relative contribution to global environmental degradation declines over time, engaging with the Asian region will become ever more important.

The EU-China relationship on climate change was formalised with the agreement in 2005 on a 'Partnership on Climate Change'. Cooperation and exchange since then has focused on a range of issues, including carbon capture and storage, low-carbon city pilots, renewable energy development and deployment, and emissions trading—which has become a key aspect of EU-China climate cooperation. This has been paralleled by a range of initiatives by member states in China, sometimes though not always complementary to EU-level efforts.

The EU and China have also cooperated in a range of other relevant areas. The EU-China Environmental Governance Programme has sought to strengthen environmental governance by building the capacity of the Chinese judiciary and policy making system to deliver environmental justice. Meanwhile, cooperation on sustainable urbanisation has proceeded in a more decentralised fashion, by bringing together relevant policy stakeholders from regional and city governments on each side in order to share experiences and best practice.

Notwithstanding this positive cooperation, the EU-China relationship was strained by a trade conflict over solar panels in 2013, the largest ever EU-China trade dispute. In response to European industry claims that the Chinese solar industry was receiving

“The EU can no longer claim to be the sole international leader on climate change.”

“As the EU’s own relative contribution to global environmental degradation declines over time, engaging with the Asian region will become ever more important.”

subsidies and was dumping solar panels on the European market below cost price, the European Commission imposed tariffs in June 2013. Against the threat of an escalating trade war, the two sides reached a deal to resolve the dispute in July of that year. Still, the solar panel dispute illustrates the potential for future tensions if trade in low-carbon technologies is not managed successfully.

The EU-India relationship has been characterised by significant tensions. The Indian government has been highly resistant to EU engagement in the area of climate change, a situation not helped by the strained nature of the broader EU-India relationship. Some member states have been more successful in building cooperation with India on related areas such as renewable energy development and energy efficiency. The UK and Germany stand out in this regard, with Germany playing a strong supporting role in the establishment of the Indian Bureau of Energy Efficiency.

The EU-Japan relationship involves periodic policy dialogues on climate, environment and energy, but practical, on-the-ground cooperation has been more limited. To some extent the same can be said of the EU-Korea relationship, though with the launch of Korea’s national emissions trading scheme at the beginning of 2015 the two sides are developing deeper cooperation in the area of carbon markets.

The EU has also engaged inter-regionally on climate, environment and energy. EU cooperation with ASEAN has focused on a range of topics including climate change, water governance, deforestation and disaster management and emergency response. The ASEAN region is particularly prone to natural disasters, some types of which are projected to increase as climate impacts intensify, and the EU is a significant financial contributor to the ASEAN Coordinating Centre for Humanitarian Assistance. It is noteworthy that one of the three key thematic areas of last year’s joint communication from the European Commission and High Representative on EU-ASEAN relations was “A greener partnership for a sustainable future”.²

Climate and environment have also featured prominently within the interregional ASEM process, including within a dedicated ASEM Environmental Dialogue. Periodic meetings have been held in the ASEM framework on topics such as climate change and disaster risk reduction, forestry, water management and air pollution.

PATHWAY TOWARDS LOW-CARBON TRANSITION IN ASIA AND EUROPE NOW IN SIGHT

In the years since the last EU Asia strategy, the landscape of climate governance has changed significantly. The cost of renewable energy sources, particularly wind and solar, has fallen significantly over recent years. According to recent reports, wind is now cost-competitive – without subsidy – with fossil fuels in multiple countries around the world, and solar is closing the cost gap.³ Countries across the world, including in the Asian region, are moving ahead with plans for low-carbon development; driven in part by climate concerns but also importantly by a broader range of interests including combatting local environmental pollution, strengthening energy and resource security, and achieving economic restructuring.

China, long criticised for the environmental damage caused by decades of rapid economic growth, is also taking steps to move decisively towards a lower-carbon—though not yet a low-carbon—economy. Chinese Premier Li Keqiang unveiled the country's '*Intended Nationally Determined Contribution*' (INDC), its plan for combatting climate change, in June 2015. While it could have been more ambitious, the plan shows that China's leaders are serious about changing the country's development path. China's climate plan contains a commitment that its CO₂ emissions will reach a peak by 2030, and has pledged to make 'best efforts' to peak earlier.⁴ As China moves towards low-carbon, China's leaders are looking to the rest of the world, including the EU, for examples of best practice. As China travels further down this road, opportunities will open up for the EU in turn to learn from China's experiences of low-carbon transition.

“As China and Korea bed down their emissions trading schemes their experiences should offer lessons for European policymakers.”

China has committed to reducing the carbon intensity of the economy by 60–65% by 2030, and pledged significant targets for non-fossil energy and forests. China is already the world's largest market for renewable energy, investing USD \$83.3 billion in renewable energy in 2014—higher than either the US or Europe.⁵ China plans to increase renewables and nuclear from 11.4% in 2014 to 20% of primary energy by 2030. This equates to adding 800–1000 GW of new non-fossil energy, equivalent to the entire current US generating capacity.

India, meanwhile, is also starting to take climate change more seriously. In early October 2015, the Modi government unveiled its INDC, which included a commitment to reduce the amount of carbon dioxide produced per unit of economic output by 33–35% by 2030.⁶ This was the centrepiece of India's pre-Paris climate action pledge. Also included in the pledge was a commitment to increase the share of renewables in installed electricity generating capacity to 30% by 2030. This compares to approximately 20% today. India's rapid expansion of renewables should generate opportunities for the EU and India to engage in mutual learning regarding the challenge of grid integration of renewables at scale. Meanwhile, it will be important for India and the EU to manage trade relations in low carbon technologies so as to avoid a situation similar to the EU-China solar panels dispute.

However, India has been among the most vocal critics of developed countries in the global climate negotiations. The Indian Government has defended its right to prioritise economic development as the core objective of Indian policy-making, and has often framed attempts by industrialised countries to persuade developing countries to accept emission limitation commitments as 'environmental colonialism'.⁷

Japan has rolled back on its climate ambition shown in earlier years. The Japanese government announced one of the most ambitious pre-Copenhagen pledges in 2009—a 25% emission reduction by 2020 relative to 1990. This was to be driven by a significant expansion of nuclear power, but the Fukushima Daiichi accident in 2011 significantly changed the calculus of Japan's energy policy. Responding to the incident, the Japanese government suspended all nuclear power generation and, in 2013, announced a revised emissions target which equated to a 3.8% increase on 1990 levels by 2020.⁸ Japan's INDC commitment, announced in July 2015, included an emissions reduction target of 18% below 1990 levels by 2030. However, according to Climate Action

“The EU will need to find ways to capture synergies and manage trade tensions that may emerge with these significant trade partners.”

Tracker, other aspects of Japan's INDC, including land use, land use change and forestry and the use of international offsets, Japan's target actually stands at 15% below 1990 levels by 2030.⁹

In January 2015 South Korea launched the world's second national emissions trading scheme. Covering approximately two-thirds of the country's emissions, it is the second largest emissions trading scheme in the world after the EU-ETS.¹⁰ Korea's INDC announcement in June 2015 pledged an economy-wide emission reduction target of 37% relative to a business-as-usual benchmark of 850.6 MtCO₂e by 2030. This is equivalent to limiting GHG emissions in 2030 to 81% above 1990 emission levels.¹¹ The EU is already cooperating with Korea on emissions trading, and in the medium term it may be fruitful for the EU to develop regional cooperation on emissions trading with Korea, China, and other Asian partners that move in this direction.

In short, the landscape of climate politics across key EU partner countries in the Asian region is varied, but there are significant developments and several examples of ambitious policies and experimentation. These provide the EU with opportunities for positive and proactive engagement on low-carbon policies and technologies, but will require targeted, tailored, and joined up engagement on behalf of the EU and member states. As Asian partners increasingly move towards a lower-carbon future, the EU will need to recalibrate its engagement in order to learn from best practice in the Asian region while managing trade relations to avoid tensions in low-carbon industries.

STRATEGIES FOR EU ENGAGEMENT WITH THE ASIAN REGION

The EU can no longer claim to be the sole international leader on climate change. The Paris Agreement reached at COP21 signalled a broader shift in global climate politics towards universal action, and provides a roadmap towards a lower carbon future. While variable in terms of ambition, a range of Asian partner countries are moving forward with strategies and policies for low-carbon transition.

Stand-out policies include China's measures to reduce dependence on coal, Korea's national emissions trading scheme, and India's ambitious targets for renewables deployment.

This changed reality offers opportunities for EU engagement with the Asian region on climate and environment, but the EU faces these opportunities with a revised and more limited set of tools vis-à-vis China and India in particular, since development assistance financing is no longer available. Against this backdrop, three areas of priority should be considered in revising the EU's strategy towards Asia.

First, as China, India and Korea, amongst others, move ahead with low-carbon development, the EU needs to build cooperation that allows for mutual lesson-learning and joint technology development. Much cooperation to date has taken the form of capacity building and transferring of lessons from Europe to Asian countries. While this will continue to be relevant, the time is

fast approaching when the EU can start to learn lessons from low-carbon strategies and policies in Asian countries. As China and Korea bed down their emissions trading schemes, for example, their experiences should offer lessons for European policy makers. Similarly, China's and India's ambitious renewables targets, if achieved, will yield valuable lessons regarding integrating renewables into national grids at unprecedented scales. In this context, EU engagement with Asian partners needs to be recalibrated to allow for mutual lesson learning.

Second, the EU needs to forge closer relations with the US in terms of deepening engagement with Asia on climate and environment. Having neglected the area for most of the 2000s, US engagement with China in particular, but also India and other countries, has eclipsed the EU over recent years; the most striking example being the joint US-China climate announcement in November 2014. The EU should not view the US as a strategic competitor in this regard, but there is scope for finding a division of labour between the EU and the US in their relations with the Asian region on climate and environment. Indeed, the US and the EU worked constructively with each other at the COP21 conference, particularly in the final days of the conference in the framework of the EU's 'High Ambition Coalition'. Both parties should identify where their comparative advantage lies and agree, either implicitly or explicitly, on a division of labour with respect to relations with each Asian country on this basis.

Finally, the EU must also develop more robust mechanisms to manage trade tensions that are likely to grow more intense as more focal points of climate leadership emerge around the world over the coming years. As China and India in particular push ahead with significant scaling-up of renewables technologies, the EU will need to find ways to capture synergies and manage trade tensions that may emerge with these significant trade partners. The EU-China solar panel dispute in 2013—the largest trade dispute in the history of EU-China relations—was a sign of a possible more fractious future.

In order to manage such tensions in the future, the EU needs to work with Asian partners to develop more transparency around domestic supports and subsidies for clean technology industries. Cooperation on joint standard setting for industries such as solar, wind, and electric vehicles, perhaps on a plurilateral basis involving the US would allow for pioneer countries to drive forward the global low-carbon transition. ■

NOTES

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- 10 C2ES, 'South Korea's Emissions Trading System', Center for Climate and Energy Solutions, <http://www.c2es.org/international/key-country-policies/south-korea>, accessed 28 November 2015.
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Conclusion

Updating the EU's Asia Strategy

Olivia Gippner

Strategy involves making tough choices regarding what to prioritise and what areas not to invest in. While there is a clear recognition within the EU for the importance of engaging with Asia-Pacific, more pressing crises have tended to push this long-term goal to the background. In this environment, a more consistent basic level of engagement should be institutionalised. This means, first and foremost, identifying EU interests, the added value the EU can bring to Asian partner countries, and what its competitive advantage is.

The report emphasises the importance of looking at the needs of the countries in the Asia-Pacific and matching these with EU capacities. This demonstrates the unique and enduring low-profile agenda and involvement the EU has *vis-à-vis* the region. The EU's most important interests are broad: multilateralism, stability, institutional cooperation and regional integration. The contrast to other strategic hotspots is stark, such as the refugee crisis in North Africa. The EU was forced to define very concrete interests in its relations with countries such as Turkey, giving a clear hierarchy to its own interests.

In the absence of such pressing needs, in the case of EU-Asia relations, a focus on the perceptions and needs of the other side is crucial for developing and communicating a clearer European strategy.

RECOMMENDATIONS

This report put forward analyses and concrete recommendations for an EU-Asia strategy; dealing with security and political relations, development cooperation, and climate change policy.

Three main recommendations for the EU emerge from the articles in the report;

- Increase cooperation through Asian multilateral fora, such as the ARF,
- Position itself as a neutral arbiter on non-traditional security issues,
- Invest more in public diplomacy at all levels, to address diverging concepts of sovereignty and multilateralism between the two regions and a lack of mutual understanding.

Tables 1 and 2 show how these recommendations can be taken forward through updating and replacing the 2001 Asia Strategy, by region and policy area.

Table 1: Recommendations

Developing Regional Capacities	
Southeast Asia	• Understand and recognise ASEAN for what it is, and not what the EU wishes ASEAN to be; the EU and ASEAN share a common interest in keeping competitive relations between the US and China at an even level. • Leverage the EU's economic power, build the foundation for a strategic partnership with ASEAN, and support the ASEAN connectivity initiative. • Offer differentiated support for the different levels in economic and political development between the Southeast Asian nations to strengthen regional order.
South Asia	• Review the old development and technical assistance model of the EU's partnerships in the region. • Reset its partnership with India and sharpen the focus of the Joint Action Plan. • Fostering cooperation in climate change and renewable energy, maritime security, and capacity building and technology transfers could be a good starting point, where India already recognises the EU as a leading actor.
Australia	• Use the Framework Agreement to strengthen the all-of-government engagement by Australia with the EU and its institutions. • More focus on bilateral contact and public diplomacy is required, since similar political values have not translated into increased cooperation.
Japan, South Korea and Taiwan	• Capitalise on neutral to positive perceptions of the EU in this region to increase its engagement in the region. • Use capacity building as an instrument to achieve more informed policy making and mutual exchange with Japan, South Korea, and Taiwan.
China	• The EU cannot ignore the Chinese Communist Party's key interest in retaining its power, nor can it afford to pretend that conceptual differences on democracy and political freedoms do not exist between Beijing and Brussels. • Use the drafting of the new EU Asia Strategy as an opportunity to engage in an urgently needed strategic 'slim down' exercise. Herein there should be three strategic priorities: (1) The expansion of Europe's role and influence in the new international institutions China sponsors; (2) The negotiation of 'package deals' in relation to China's future role in the global trade and investment order; and, (3) The strengthening of cooperation with Beijing in the fight against transnational terrorism.

Table 2: Recommendations

Defining Policy Priorities	
Security and Politics	■ Develop a joined-up approach, in particular leveraging the EU's trade and development policies to strengthen its role as a security actor and provider, beyond crisis and conflict management. ■ Expand strategy beyond China and focus functional cooperation on security priority areas; such as the Asian regional security infrastructure, rule of law, global commons, and safeguarding EU interests in Central Asia.
Development Cooperation	As development aid to Asia-Pacific is slowly being phased out, there is a need to; ■ Facilitate the implementation of the Sustainable Development Goals (SDGs) in the area of renewable energy (technology transfer), food security (trade), and maritime governance (fisheries and environmental protection); ■ Take leadership on shaping and reforming international institutions and create development-friendly multilateral financial regimes and trade agreements favourable to least-developed countries (LDCs).
Human Security	■ Get involved in counterterrorism activities such as supporting law enforcement reform, and engage within the Asia Regional Forum. ■ Cooperate on Humanitarian Assistance and Disaster Relief, particularly in the context of the refugee crisis. ■ Strengthen the EU's profile as an international actor by participating in high-profile exercises or missions, such as the search for MH370 flight.
Climate Change	■ Build cooperation that allows for mutual lesson-learning and joint technology development, in particular on low-carbon strategies and emissions trading. ■ Develop more robust mechanisms to manage trade tensions, which are likely to grow more intense as more focal points of climate leadership emerge over the coming years.

In all of the areas outlined above, the EU can build on previous successes. One such success story is told by former British and EU diplomat **Robert Cooper** in his contribution, exploring how decades of EU involvement in Myanmar eventually bore fruit after the elections in 2010. The EU had successfully seized an opportunity when it appeared in discussions with Burmese counterparts to release political prisoners. Similarly, the decision to dispatch an ad-hoc EU electoral observation mission in 2012 was an important symbol supporting the democratisation process. Yet, his account is a cautionary tale that outside actors, even powerful ones like the EU, will only have an influence at the margin and when such "windows of opportunity" appear.

ALLIANCES

The US remains the EU's most important partner globally, and hence it is important to, at the minimum, coordinate bilateral EU policies with the US.

Due to the absence of hard political and security interests, the EU is in a more flexible position than the US and other allies. The only notable exception is a possible conflict in the South China Sea. While the EU should continue to uphold the importance of international law in the solution of these issues, we are unlikely to see a coordinated European maritime involvement.

The EU needs to target its strategy to the demands of the partner countries, but there remain ideological and conceptual gaps between the EU and its Asian partners. Even in the relationship with Australia, shared values have not translated into what Murray terms “assumptions of mutual trust”.

Thus, in order to build lasting relationships with its obvious partners Australia, Japan, and ASEAN, as well as its strategic partner China, the EU must intensify its efforts at several levels; high-level summitry, track 1.5 interactions making use of less sensitive technical cooperation, and public diplomacy improving the EU’s overall image.

POOLING RESOURCES

Asia-Pacific repeatedly moves to the lower end of the list of foreign policy priorities. That is why a new strategy should incorporate member states’ specific advantages. For instance, the UK has a unique diplomatic network in China, and Germany leads on climate change issues. By coordinating bilateral relations in several areas, such as climate change, development and human security, a more consistent level of engagement can be assured.

While this argument is convincing from a pragmatic perspective, it clearly opens an important question on EU coherence. The EU is not only threatened by a possible exit by the UK, but even during business as usual, member states compete in their bilateral relations vis-à-vis Asia-Pacific, in particular towards China. Hence a pooling of diplomatic and financial resources would best start in less sensitive policy areas, such as climate change.

For this reason, we cannot expect the application of EU economic power to leverage on other issue areas in the short term. However, a promising sign for an ‘EU approach’ was the imposition of sanctions vis-à-vis Russia. Similar high-level issues in the Asia-Pacific region would therefore have the potential to unite EU member states.

FUNCTIONAL OR REGIONAL APPROACH?

One of the goals of this report was to test the necessity of a strategy focusing on the Asia-Pacific region. What is the benefit of going beyond the East Asia Policy Guidelines, the Central Asia Strategy, or the ASEAN paper? Indeed, an alternative approach would be to think of policy areas of common interest and base

bilateral relations merely on ‘functional cooperation’ on common challenges, such as climate change. Good examples of this approach would be the EU’s cyber security strategy or the Maritime Safety and Security Action Plan.

There are advantages to this approach, in particular on climate change, human security and development cooperation. Where many countries share the EU’s interests, functional and multilateral cooperation will benefit all. Thus, a functional approach would provide the consistency needed in the EU’s strategy towards the Asia-Pacific.

Moreover, the vast differences between the countries and actors in Asia-Pacific require different priorities in bilateral relations. Lumping these together as a homogeneous ‘Asia-Pacific’ is highly problematic, due to different conditions and diverging interests. The relative importance of development issues as opposed to security cooperation will differ highly when developing relations with Australia or Nepal. A more issue-based approach promises to respond to individual countries’ needs, by creating networks of partner countries with which the EU can develop, for instance, joint approaches to human-made disaster risk reduction.

Yet, there is one main obstacle to a ‘functional’ approach, which does not lie with the challenges of conceptualising an Asian-Pacific region, but instead with the EU’s own institutional structure. Such a functional approach would in effect mean a stronger influence on trade, environment and development relations with third countries for the European External Action Service (EEAS). Furthermore, it would imply an adjustment in terms of bureaucratic divisions. Besides the needed soul-searching exercise on what kind of actor the EU wishes to be, there are templates for such a coordination mechanism.

For instance, the Chinese approach of ‘Small Leading Groups’ brings together all departments relevant for a certain policy priority led by the prime minister. The Small Leading Groups take strategic decisions and define priorities as well as providing information channels between the highly divided bureaucratic structures in the Chinese system. In the case of the EU it could be the High Representative leading the meeting of the directorate-generals and jointly making strategic decisions.

This suggestion notwithstanding, that the EU’s internal diversity is one of the main challenges to defining clear strategic priorities vis-à-vis the Asia-Pacific region would

have come as no surprise to Lord Dahrendorf, who saw the value of 'active diversity' and pluralism as important preconditions for a peaceful and legitimate EU.

Thus, while the pressure to act consistently may be rising, the slow pace of the current global strategic assessment process is a healthy reminder of the democratic imperatives that EU foreign policy and strategy are subject to. At the end of the process, an EU global strategy would not only be more effective, but through its development more democratic and accountable to the EU as a whole.

GOING FORWARD

2016 will see a major strategic effort as the EU is formulating its new Global Strategy on Foreign and Security Policy, as well as its specific strategy towards China. It is crucial that a new EU Asia strategy is included in this period of strategic reflection.

The EU should strive to achieve a good standing with its partners in the region, by providing platforms for cooperation on the one hand, and by improving its public image on the other.

Most importantly, even if there are few direct security interests for the EU, it has to think hard on prioritizing its interests – between trade, maritime disputes, and its involvement in non-traditional security challenges. These are the building blocks for a new EU Asia Strategy, and for achieving the EU's policy aims in a new era for the Asia-Pacific region. ■

List of Abbreviations

AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
APRIS	ASEAN Programme for Regional Integration Support
ARF	ASEAN Regional Forum
ACIDMM	ASEAN-China Informal Defence Ministers' Meeting
ADMM	ASEAN Defence Ministers' Meeting
ARISE	ASEAN Regional Integration Support from the EU
ASEM	Asia-Europe Meeting
CAP	Common Agricultural Policy
CBM	Confidence Building Measures
CFSP	Common Foreign and Security Policy
COP 21	United Nations Climate Change Conference 21st yearly session of the Conference of the Parties
DPRK	Democratic People's Republic of Korea (North Korea)
EEAS	European External Action Service
EGA	Environmental Goods Agreement
ESS	European Security Strategy
FA	Framework Agreement
FONOPs	Freedom of Navigation operations
FTA	Free Trade Agreement
HADR	Human Assistance/Disaster Relief
ISAF	International Security Assistance Force
NAPCC	National Action Plan for Climate Change
NAPCI	Northeast Asia Peace and Cooperation Initiative
NLD	National League for Democracy
NTS	Non-Traditional Security
PRC	People's Republic of China
RCEP	Regional Comprehensive Economic Partnership
ROC	Republic of China (Taiwan)
ROK	Republic of Korea (South Korea)
RIMPAC	Rim of the Pacific Exercise
SAARC	South Asian Association for Regional Cooperation
SCS	South China Sea
SDI	Shangri-La Dialogue Initiative
SEApeat	Sustainable Management of Peatland forests in Southeast Asia
SLOC	Sea Lanes of Communication
SP	Strategic Partner
TISA	Trade in Services Agreement
VPA s	Voluntary Partnership Agreements
WCDRR	World Conference on Disaster Risk Reduction

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